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Farm Credit Administration

Annual
Report



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**Annual Report of the Farm Credit Administration
1986**

The President of the Senate
The Speaker of the House of Representatives

Dear Sirs:

We are pleased to submit the Annual Report of the Farm Credit Administration for the calendar year 1986. This report is made in accordance with Section 5.17 (3) of the Farm Credit Act of 1971, as amended.

This report is on the manner and extent to which the purposes and objectives of this act are being carried out and on the condition of the Farm Credit System based on examinations carried out under Section 5.19 of the act and on reports submitted to the Farm Credit Administration by the institutions of the Farm Credit System.

It includes a summary and analysis of the reports submitted to the Farm Credit Administration by the Federal Land Banks and Federal Intermediate Credit Banks, under Section 4.19 (b) of the act, relating to programs for serving young, beginning, and small farmers.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank W. Naylor, Jr.", with a stylized flourish at the end.

Frank W. Naylor, Jr.
Chairman
Farm Credit Administration Board

Message from the Chairman



CHAIRMAN OF THE FARM CREDIT ADMINISTRATION

McLEAN, VA 22102-5090

March 31, 1987

Dear Reader:

With the publication of the 1986 Annual Report, the Farm Credit Administration (FCA) completes for Congress its obligation under the law. But, more than that, the FCA passes the first significant marker in its short history of operations as an arm's-length Federal financial regulator for the Farm Credit System, a privately owned and operated financial cooperative.

The Farm Credit Amendments Act of 1985 reorganized the Farm Credit Administration replacing the 13-member part-time board and governor with a full-time three member board. The three member FCA Board comprised of Marvin R. Duncan, Jim R. Billington, and myself, was appointed by the President, and given the responsibility and authority by Congress to regulate, examine and assure the safety and soundness of the System institutions and to protect the interests of borrower/stockholders, investors, and the public. Mr. Duncan and I were confirmed by the Senate in May 1986 and Mr. Billington in October 1986.

With this report, we close the books on 1986. Nineteen hundred eighty six was a year when the System, the FCA and Congress faced a number of difficult decisions concerning the future of the System. The System throughout 1986 remained burdened with a series of problems such as nonearning assets, excessive overhead expenses, outstanding high priced debt and member relations. As we face the future, the challenges before the Farm Credit System are great. The FCA stands ready, however, to meet those challenges with the System during the difficult days ahead as we work to make the Farm Credit System a strong and sound System ready to meet the credit needs of America's largest industry -- agriculture.

Sincerely,

Frank W. Naylor, Jr.
Chairman
Farm Credit Administration Board

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Farm Credit Administration
Senior Officials

Office of the Board

Frank W. Naylor, Jr.
Chairman

Marvin R. Duncan
Member

Jim R. Billington
Member

Kenneth J. Auberger
Secretary

Office of Congressional and Public Affairs
Francis J. Boyd, Jr.
Director

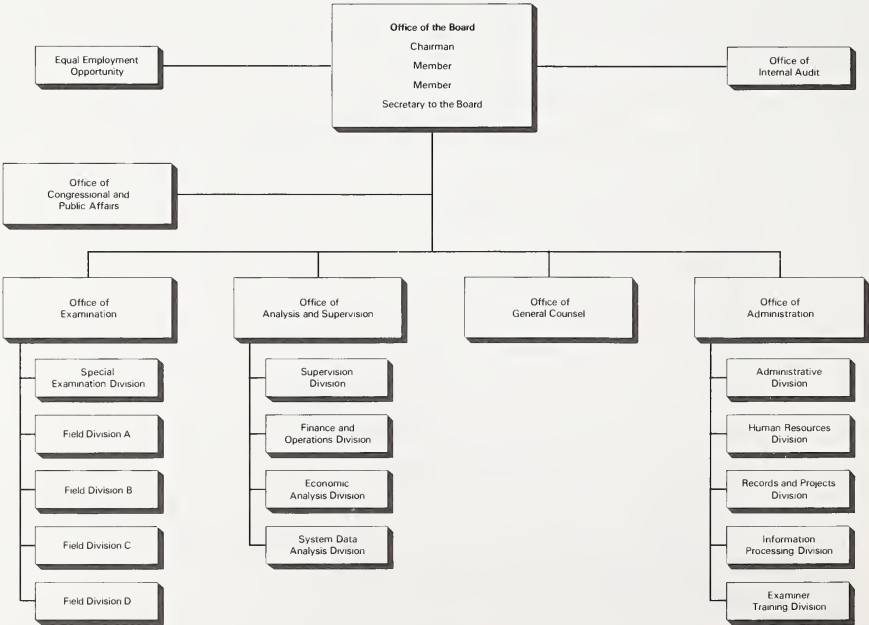
Office of Examination
David C. Baer
Chief Examiner

Office of Analysis and Supervision
Michael J. Powers
Director

Office of Administration
Michael A. Bronson
Director

Office of Internal Audit
Norman E. Mattson
Director

Office of General Counsel
Frederick R. Medero
General Counsel



The Farm Credit Administration

The Farm Credit Amendments Act of 1985 became effective January 23, 1986, and ushered in a new role for the Farm Credit Administration (FCA) in its relationship with the institutions that comprise the Farm Credit System (system).

The management of the agency is now vested in a Presidentially-appointed, three-member, full-time board of directors, one of whom serves as chairman and chief executive officer. The law requires the board to manage, administer, and establish policies for the Farm Credit Administration. The board's specific responsibilities include:

1. approving the rules and regulations to implement the Farm Credit Act of 1971, as amended;
2. providing for the examination of the condition and general regulation of the performance of the powers, functions, and duties vested in each institution of the Farm Credit System;
3. providing for the performance of the powers and duties vested in the Farm Credit Administration; and
4. requiring such reports as it deems necessary from the institutions of the Farm Credit System.

The new law gives the FCA enhanced enforcement authorities, including the power to issue cease and desist orders, levy civil money penalties, and remove officers and directors of system institutions. It also contains provisions that guarantee the rights of loan applicants and borrowers, require full financial disclosure by system institutions to stockholders and investors, mandate the annual examination of each system institution by the FCA, and establish a mechanism by which Federal financial assistance may be obtained.

Donald E. Wilkinson, former governor of the Farm Credit Administration, was named acting chairman and served until March 28, when he resigned. His successor was Kenneth J. Auberger, who was his executive assistant and who served for many years as the agency's chief examiner.

President Appoints Board

On May 22, following their appointment by President Ronald Reagan and subsequent confirmation by the U.S. Senate, Frank W. Naylor, Jr., and Marvin R. Duncan were sworn in as members of the board. Naylor, who was designated chairman and chief executive officer, had been Under Secretary of Agriculture for Small Community and Rural Development since May 20, 1981, and before that served for five years as a senior vice president of the Farm Credit Banks of Sacramento. Duncan joined FCA on August 12, 1985 as senior deputy governor. He had been with the Federal Reserve Bank of Kansas City since 1975, where he was a vice president and senior economist.

The third member of the board, Jim R. Billington of Altus, Oklahoma, took the oath of office October 9. A full-time farmer and rancher since 1978, Billington had been president and chief executive officer of the First National Bank of Beaver, Oklahoma, for the previous three years. Before that, he worked in the Farm Credit System for 10 years, first as an examiner with the Federal Intermediate Credit Bank of Wichita, Kansas, and then as president and chief executive officer of the Woodward Production Credit Association, Woodward, Oklahoma. He is a past president of the National Association of Wheat Growers.

Agency Takes Actions to Implement Law

Because of the speed with which the Congress passed the Farm Credit Amendments Act of 1985, the Farm Credit Administration called for a good faith effort on the part of the Farm Credit System to quickly implement some of its key provisions. Less than a month after the amendments became effective, the agency directed system institutions to follow the intent of the law pertaining to the rights of applicants and borrowers, restricted certain financial transactions to conserve system resources, and announced the issuance of final regulations dealing with financial disclosure.

Holding that the law was straightforward in describing the information to which applicants were entitled and in setting forth their rights after obtaining loans, the FCA directed its provisions in those areas be implemented before regulations were issued. The agency directed system institutions to

disclose the interest rate, including examples of how the rate is affected by the required purchase of stock or participation certificates in conjunction with the loan. If it was a variable interest rate loan, applicants were to be told how much and how often the interest rate could go up during the term of the loan. And if there were no limitations, the factors that go into determining rate adjustments, including the cost of funds, expenses, and provision for loan losses should be disclosed.

The institutions were told that an applicant whose request for credit was denied or reduced was entitled to a review by a committee that included representation from the board of directors. That review should take place within 30 days after the applicant requested it, and the review committee's decision and reasoning should be promptly provided in writing to the applicant.

Institutions were also requested to provide borrowers with copies of any loan related documents they signed, as well as copies of the institution's articles of incorporation and bylaws. In addition, the institutions were directed to develop policies governing forbearance and to provide copies of those policies to borrowers who requested them.

The final borrower rights regulations were issued October 28.

In anticipation of issuing a new charter to the Farm Credit System Capital Corporation (capital corporation), which would allow it to make financial assessments of stronger system institutions so it could provide assistance to those whose continued operations were in jeopardy, the FCA also took action to prevent system institutions from dissipating their financial resources.

Targeting early April as the start-up of the expanded capital corporation, the agency notified all system institutions that specific proposed financial transactions would not be permitted until the regulations relating to the capital corporation were in place, except after a case-by-case review by the agency. The action was not intended to affect the regular conduct of business. It was taken to ensure the preservation of capital for the integrity of individual institutions and the availability of resources for self-help efforts as specified in the law. The agency's goal

was to see that the objectives of self-help were met through the maintenance of adequate levels of earned equities that could be transferred to the capital corporation for use in managing troubled assets and providing financial assistance to system institutions in financial difficulty.

Actions system institutions were not permitted to take included:

1. extraordinary operating and capital expenditures that are within the control of management and boards of directors and in excess of \$250,000;
2. major changes that increase the cost of employee benefit and pension plans or major changes in depreciation procedures;
3. repurchase of unmatured debt instruments;
4. payment of an interest rate on member funds held by district banks in an amount that exceeds the member's loan rate; and
5. charging an interest rate by any Production Credit Association that is less than it is paying for funds from the Federal Intermediate Credit Bank.

At the same time, system officials were reminded that all provisions to the allowance for loan losses accounts were to be in compliance with Generally Accepted Accounting Principles (GAAP).

The agency also expressed concern over changes in interest rates charged by system institutions. System officials were told that any requests for interest rate changes by Farm Credit Banks had to include:

1. projections of their effect on bank earnings;
2. key assumptions on which the projections are based, including the provision for financial assistance to other institutions;
3. the difference between projected financial ratios and the system's financial guidelines;
4. an analysis of the bank's current lending rate in relation to the major competition and documentation that the current loan rate is resulting in long-term deterioration of its competitive position.

System institutions were notified that regulations mandating full financial disclosure would soon be issued. The regulations would specify the type and frequency of information to be disclosed to help ensure stockholders and investors received the kind of financial information they needed to make informed decisions. They were told that certified financial audits, as well as disclosure of significant actions and activities that materially affect the business operations of the institutions, would be required.

The final regulations governing financial disclosure were issued June 12.

Farm Credit System Capital Corporation

One month after the 1985 amendments were in effect, the Farm Credit Administration issued a Federal charter establishing a new Farm Credit System Capital Corporation to be owned by the 37 Farm Credit Banks. Regulations governing its organization and operations were issued March 10. The new corporation assumed the assets, liabilities, and contractual obligations of its predecessor corporation, which was providing financial assistance to institutions in the Eighth (Omaha) and Twelfth (Spokane) Farm Credit Districts under the terms of a contract with the other Farm Credit Banks.

The capital corporation is controlled by a five-member board of directors, three elected by the Farm Credit Banks and two appointed by the Chairman of the Farm Credit Administration. One of the elected directors must represent an institution designated as receiving assistance, and one must come from an institution designated as a provider of assistance. The two directors appointed by FCA cannot be system borrowers, shareholders, or employees and must be experienced in financial services or credit.

On April 10, Kenneth J. Auberger, acting chairman of FCA, named Francis E. Ferguson, Milwaukee, Wis., and J. Mark Wilkinson, Summit, N.J., to the capital corporation's board. Ferguson had just retired from Northwestern Mutual Life Insurance Company, where he was chairman and chief executive officer. Wilkinson had recently retired as senior vice president of The Prudential Agricultural Group, the Prudential Insurance Company's agricultural investment arm. Previously elected by the Farm

Credit Banks were Leo A. Allmendinger, representing the Eighth (Omaha) Farm Credit District, John St. John, representing the Third (Columbia) Farm Credit District, and Gene L. Swackhamer, representing the Second (Baltimore) Farm Credit District.

The purpose of the corporation is to carry out a program of financial and technical assistance to troubled Farm Credit System institutions and their borrowers. It can acquire, hold, restructure, collect, and otherwise administer non-performing assets and acquired property. The capital corporation is intended as a vehicle through which the system can assist itself by transferring its surplus to those institutions in greatest need of capital. Generally, an institution would be eligible when its financial condition has deteriorated to a point where its continued operation is in doubt and assistance is necessary to continue service to its territory.

If a borrower whose nonperforming loan has been acquired by the capital corporation cannot reasonably be expected to meet loan servicing charges under refinanced, reamortized, or otherwise restructured terms and conditions acceptable to the corporation, the loan will be liquidated.

When the capital corporation sells the property formerly securing a liquidated loan it must make public notice of the sale, inform the previous owners of the sale and not preclude them from purchasing their former property, and avoid selling in large tracts.

In issuing regulations to implement the authorities of the capital corporation, the law requires the FCA to include standards that ensure the available capital and reserves of system institutions are committed to providing financial assistance to those system institutions in need of such assistance. The term "available capital and reserves" does not include capital stock, participation certificates, or equities allocated to borrowers that are not associations chartered under the act.

The law specifies that the capital corporation regulations shall:

1. provide for an equitable sharing of the burden of assessments taking into account (a) the relative financial strength and ability of contributing institutions, (b) the effect,

including the effect on interest rates, on current borrowers of each system institution, and (c) the effect on lending rates of financial assistance already provided to other system institutions; and

2. be designed to ensure that (a) the capital strength, earning capacity, loanable funds and overall financial viability of each system institution providing funds to the capital corporation be maintained at such a level that credit shall continue to be available to eligible borrowers on reasonable and competitive terms, (b) each bank shall continue to have access to funds in the public financial markets, and (c) each bank is able to maintain adequate financial resources to satisfy its liability on its own obligations and on that portion of systemwide notes, bonds, debentures, or other obligations for which it is primarily liable.

The regulations were issued on March 13.

The law provides for a mechanism by which the system may obtain Federal financial assistance should that become necessary. It requires that the FCA Board certify to the Secretary of the Treasury that:

1. the system is in need of financial assistance to address financial stress in its institutions;
2. the system has committed its available capital surplus and reserves to address such financial stress;
3. the salaries and benefits of senior executive officers of system institutions (except associations) will be frozen; and
4. the system has used its capital and reserves to the extent that further contributions from, or losses incurred by, system institutions likely will preclude them from making credit available to eligible borrowers on reasonable terms.

Once the certification is made, the Secretary of the Treasury, at his discretion, could then purchase obligations of the capital corporation. That authority, however, would be effective for any fiscal year only to the extent or in such amounts as provided in advance by appropriations acts.

On December 31, 1986, the system had \$1.4 billion in earned surplus and \$3.6 billion in allowance for loan losses.

During 1986, 19 lawsuits were filed by system institutions challenging, on a variety of grounds, the provisions of the Farm Credit Amendments Act of 1985 and/or the FCA's regulations relating to the Farm Credit System Capital Corporation. These legal actions have limited the effectiveness of the capital corporation in carrying out its authorities.

Examination Function Expanded

The Farm Credit Amendments Act of 1985 expanded the Farm Credit Administration's regulatory and examination functions to include the direct examination of all Farm Credit System institutions. Before the 1985 amendments, the examination of Federal Land Bank Associations (FLBAs) and Production Credit Associations (PCAs) was delegated by the FCA to the Federal Land Banks (FLBs) and Federal Intermediate Credit Banks (FICBs), respectively. The FCA then evaluated the adequacy of the programs under which association credit reviews were conducted and risk controlled in the associations. In addition to conducting annual examinations of each Farm Credit Bank, FCA examiners conducted fiscal audits of each FLBA and PCA every 36 months to assess the adequacy of internal controls, compliance with consumer lending, and disclosure regulations.

The 1985 amendments provided a one-year implementation period during which the agency could make the adjustments necessary to comply with the requirement that it directly examine all system institutions at least once a year. However, to ensure the adequacy and reliability of the results of the banks' credit reviews, and that the credit portfolios of associations were properly evaluated during 1986, FCA examiners conducted field reviews concurrently with bank personnel. The FCA also required that the banks certify for each loan file that proper documentation existed regarding the loan, collateral, and legal security instruments so that FCA examiners and the institutions were better able to assess the risk in loan portfolios.

To effectively and efficiently implement its expanded role, the agency opened offices in Albany, New York; Atlanta, Georgia; Louisville, Kentucky; Omaha, Nebraska; Dallas, Texas; Oklahoma City, Oklahoma;

and Sacramento, California. It also expanded its offices in St. Louis, Missouri, and Bloomington, Minnesota. Offices in Spokane, Washington, and McLean, Virginia, were unchanged.

The Office of Examination expanded its staff from 156 to 334 during the year. It recruited approximately 110 examiners from 52 colleges and universities. Experienced examiners were hired from the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the General Accounting Office, the U.S. Department of Agriculture, and private industry.

A comprehensive training program was developed to familiarize new and existing examiners with the recently adopted Farm Credit Administration Examination Manual and to provide entry-level examiners with exposure to the principles of agricultural lending.

All field examiners attend a two-week comprehensive course called Conducting an Association Examination, which requires passing a written examination upon completion. Examiners also are required to complete a self-study course called Constructive Agricultural Lending.

The FCA examinations conducted in 1986 were aimed at assessing compliance with the law and regulations and the safety and soundness of the operations of the institutions. Before 1986, the FCA classified institutions into three categories of concern as a result of examinations. They were assigned a high, moderate, or low level of concern to reflect the level of operational deficiencies and management weaknesses and, thus, provide for the differential use of agency resources. This concept of differential examination allowed the agency to allocate resources to institutions with the most risk in

their loan portfolios or exhibiting the most deficient operating conditions. While still employing the concept of differential examination, the FCA began a pilot program during 1986 to adopt the Uniform Financial Institutions Rating System (UFIRS), the system used by most Federal regulators of financial institutions. The UFIRS was modified to properly provide for the cooperative and nondepository nature of system institutions and is called the FCA Rating System. It rates institutions on a scale of one to five in descending order. The agency assigned tentative ratings during 1986 to provide a basis for differential assignment of examination resources.

On December 31, 1986, 42 institutions were assigned a rating of one, 86 were assigned a two, 101 were assigned a three, 102 were assigned a four, and 93 were assigned a five.

FCA examinations conducted during 1986 continued to cite deficiencies in management practices, credit administration, asset quality, processes for establishing allowances for loan losses, and reporting problems causing inaccurate regulatory reports to the agency and disclosures to stockholders.

Supervision and Enforcement

The enforcement authorities contained in the Farm Credit Amendments Act of 1985 are similar to those of other Federal regulators of financial institutions—the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Federal Reserve Board, the Federal Home Loan Bank Board, and the National Credit Union Administration. These authorities were established to provide the Farm Credit Administration with adequate authority to ensure that Farm Credit System institutions operate using safe and sound business practices and are in compliance with applicable laws, rules, and regulations.

Staffing Levels - December 31, 1986

| | |
|-------------|----|
| Albany | 7 |
| Atlanta | 44 |
| Louisville | 23 |
| St. Louis | 35 |
| Bloomington | 34 |
| Omaha | 22 |

| | |
|---------------|----|
| Oklahoma City | 23 |
| Spokane | 35 |
| Sacramento | 21 |
| Dallas | 22 |
| McLean | 68 |
| Vacancies | 48 |

The 1985 amendments provide for formal agreements, temporary cease and desist orders, cease and desist orders, and the removal of officers and directors of system institutions. The law also provides for the placement of institutions into conservatorship or receivership.

In response to the new legislation, the agency established and staffed a Supervision Division within the Office of Analysis and Supervision. The division is the focal point for all system institutions requiring more than normal supervisory attention. It has the following two basic objectives.

1. To promote consistent and effective specialized supervision of system institutions that demonstrate instability or whose operating condition poses a potential or real threat to the institution or the Farm Credit System.

2. To strengthen problem institutions through prompt responses to identified or potential problems.

Institutions requiring enforcement actions are referred to the Supervision Division by the Office of Examination based upon findings in examination reports. It is then the responsibility of the division to prepare appropriate enforcement documents, obtain approval from the Farm Credit Administration Board for proposed actions, execute the documents with the institution's board of directors, and monitor compliance with the requirements of the action.

As of December 31, 1986, enforcement documents had been executed with nine institutions. Four were operating under agreements and five under cease and desist orders.

The following are three examples of enforcement actions taken during the year.

The first involves a Production Credit Association (PCA) with assets of between \$500 million and \$1 billion. An examination revealed serious deterioration in the PCA's loan portfolio as evidenced by the continued rapid decline in loan quality and excessive loan losses. The deterioration threatened the institution's viability. Credit administration was unsatisfactory, credit and collateral documentation was inadequate, and it was in

violation of its own and its supervisory bank's policies and procedures. The history of the PCA's poor performance caused the examiners to question the ability of its management to correct the problems.

A cease and desist order was issued that required the PCA to (1) implement a program to reduce the level of adversely classified loans, (2) refrain from extending further credit to any borrower whose loan was adversely classified, (3) correct all credit and collateral documentation exceptions, (4) refrain from granting any new extensions of credit without obtaining and analyzing sufficient credit information, and (5) comply with its own and its supervisory bank's policies and procedures. In addition, the PCA was required to perform a management study, implement a management plan, and hire a senior lending officer responsible for its loan operations.

The second enforcement example involves a PCA with assets between \$100 million and \$500 million. An examination revealed serious deterioration in the quality of its loan portfolio. Much of the deterioration was the result of inadequate loan administration and overall credit management. The examiners cited violations of the PCA's own and its supervisory bank's policies and procedures and violations of FCA regulations. Examiners also reported a lack of effective procedures for identifying high risk loans and loan losses, a lack of adequate credit information in the loan files, a lack of adequate collateral documentation, and a lack of adequate controls over loan disbursements.

A formal agreement required the PCA to (1) implement a program to reduce the level of adversely classified loans, (2) refrain from extending further credit to any borrower whose loan was adversely classified, (3) appoint a senior loan officer to administer its loan operations, (4) establish a department for the management of problem loans, (5) correct all credit exceptions, (6) comply with FCA regulations and bank policies and procedures, (7) refrain from extending further credit without obtaining and analyzing sufficient credit information, (8) establish a loan review system, (9) implement a policy for the identification of and accounting for loan losses, and (10) establish policies and

procedures to ensure adequate control of loan disbursements.

The third example involves a bank with assets between \$500 million and \$1 billion. An examination revealed serious deterioration in the bank's loan portfolio. This resulted from the bank's failure to enforce district policies and require compliance with sound credit practices from its subordinate associations. In addition, the bank failed to accurately assess the risk in its loan portfolio. The extent of this risk threatened the institution's viability. Bank loan administration was unsatisfactory with violations of loan policy cited as the major cause. The pervasiveness of deficiencies caused the examiners to question management's ability to correct the problems.

A cease and desist order was issued that required the bank to (1) implement controls to ensure that its subordinate associations comply with bank policies and procedures, (2) require its associations to correct unsound credit practices and refrain from granting new extensions of credit without sufficient loan documentation, and (3) employ a capable person to establish and administer a new loan review system. In addition, the bank was required to perform a management study and implement a management plan.

Board Adopts Policy to Strengthen Loan Documentation

The Farm Credit Administration Board, at its August 5 meeting, approved a policy that requires Farm Credit System institutions to obtain current financial statements from borrowers when a loan is obtained, when any significant loan administration action is taken, and at the close of the borrower's fiscal year.

The policy, which applies to loans made by all system lending institutions, states that loan agreements should clearly establish the institution's enforceable right to obtain financial statements from borrowers. It also requires system institutions to have borrowers verify the accuracy of their financial statements and, where appropriate, be audited by an independent accountant.

To comply with the policy, system lending institutions must strengthen loan documentation by December 31, 1987. The policy also

outlines standards that system banks and associations must implement for all new loans made after September 1, 1986, and for all existing loans whenever a concessionary interest rate or a partial release of security is granted, or when the loan is renewed, extended, reamortized, or its terms otherwise modified to the benefit of the borrower.

The standards require that each system bank and association develop and implement a plan that (1) establishes the right of the institution to obtain a verified balance sheet and income statement from all borrowers at least annually and (2) requires borrowers to submit annually to the institution a verified balance sheet and income statement when their loans have a principal amount of more than \$100,000 or where more than 25 percent of the value of the collateral pledged is comprised of production or storage facilities.

Call Reports Issued

Call reports to obtain financial condition and performance information from Farm Credit System institutions were issued by the Farm Credit Administration on June 16, 1986. They requested all system institutions to file certified financial reports with the agency as of June 30, 1986.

The new call report system makes three primary changes. First, associations as well as banks and service organizations are now accountable for quarterly reporting to the FCA. In the past, the Federal Land Banks and Federal Intermediate Credit Banks were responsible for association reports. Second, additional disclosures to shareholders are now required quarterly, following the end of the fiscal year, and before meetings at which directors are elected. The third change requires designated officers and directors to certify that the reports are correct and comply with accounting and disclosure regulations.

The new financial reporting system is designed to enable the FCA to monitor accurately and reliably the financial condition and results of operations of all system institutions. This information is then used to measure each institution's financial condition against statutory, regulatory, and examination standards.

The reporting system also will be used in planning on-site examinations. Although the reports cannot be considered a substitute for examinations, by identifying trouble spots they can help agency management use resources where they are needed most.

Unusual difficulty in preparing timely and accurate financial reports may reflect underlying unsafe or unsound conditions or practices in the institutions and require that corrective actions be taken by the agency.

Board Denies PCA Liquidation Request

After holding three public hearings, the Farm Credit Administration Board, at its Aug. 28 meeting, denied a request by the Amarillo (Tex.) Production Credit Association to voluntarily liquidate and withdraw from the Farm Credit System.

It was the PCA's intent to incorporate under state law and either establish a discount relationship with the Federal Intermediate Credit Bank of Texas or find other sources of funding. By liquidating and withdrawing from the Farm Credit System, the PCA could also avoid providing its share of financial resources needed by the capital corporation to assist those system institutions in financial difficulty.

The board determined that allowing the liquidation would set a precedent that could jeopardize the financial integrity of the Tenth (Texas) Farm Credit District and perhaps the entire Farm Credit System. The board was particularly concerned about the effect of the withdrawal on the Farm Credit Act Amendments of 1985 and the ability of the Farm Credit System Capital Corporation to implement those amendments.

Regulatory Accounting Regulations Approved

The Farm Credit Administration Board, at a special meeting Dec. 18, approved guidelines for the use of Regulatory Accounting Practices (RAP) by Farm Credit System institutions.

The regulations, which went into effect December 24, implement the Farm Credit Act Amendments of 1986 authorizing system institutions to defer certain specified expenses for regulatory purposes beginning July 1, 1986, and ending December 31, 1988.

As these expenses are incurred, they can be capitalized rather than expensed and amortized for a period of up to 20 years. Deferring expenses as authorized under the 1986 amendments is not in accordance with Generally Accepted Accounting Principles (GAAP), the use of which is required by the 1985 amendments.

The regulations give reasonable latitude for implementation of RAP and leave the decision to use these accounting practices with the institutions. RAP allows institutions to defer and capitalize a portion of interest costs, premiums paid to retire high cost debt instruments, and provisions for loan losses. If an institution defers money set aside for anticipated loan losses, it must sign an agreement with the Farm Credit System Capital Corporation to correct operating deficiencies, control the management of high risk assets, and improve management efficiency.

To preserve the safety and soundness of system operations and to ensure continued service to borrowers, system institutions are prohibited from reversing any financial assistance provided by the Farm Credit System Capital Corporation, the 37-Bank Capital Preservation Agreement, or any other capital preservation/loss sharing program that was received or accrued before October 1, 1986.

Other provisions of the RAP regulations require system institutions to issue financial statements to stockholders in accordance with GAAP and disclose the use of RAP in footnotes. Institutions using RAP are also required to have a definitive plan for the retirement of capital stock and to clearly inform borrowers of that plan.

At-Large Director Elections Held

The at-large director election process established by the Farm Credit Amendments Act of 1985 will be implemented throughout the Farm Credit System by the end of 1987. The decision to hold the at-large director elections in the remaining eight Farm Credit Districts was made by the Farm Credit Administration Board at its September 3 meeting. At-large directors were previously appointed by the Governor of the Farm Credit Administration. Under the 1985 amendments, they are elected by all stockholders in the respective districts.

The board's decision called for the elections in the Third (Columbia), Sixth (St. Louis), Ninth (Wichita), and Twelfth (Spokane) Farm Credit Districts to be completed for directors whose terms were to expire December 31, 1986. The process will then begin to elect directors whose terms expire December 31, 1987, and December 31, 1988.

In the election process, the cycle of staggered, three-year terms will be maintained. At-large directors replacing appointed directors whose terms expire December 31, 1987 will serve three-year terms ending December 31, 1990. Those replacing directors whose terms expire December 31, 1988 will serve four-year terms ending December 31, 1991. At-large directors elected thereafter will serve three-year terms.

Advantages of the board's action are that it grants representation to the remaining four districts that did not have at-large director elections scheduled until 1988 and quickly implements local control provisions of the law. It also preserves staggered terms and provides for continuity on the boards to prevent any gap in service.

Agency Involved in Litigation

The Farm Credit Administration was involved in a number of lawsuits with the institutions under its jurisdiction and their stockholders during 1986.

In the following lawsuits, system institutions challenged, on a variety of grounds, the provisions of the Farm Credit Amendments Act of 1985 and/or FCA's regulations relating to the Farm Credit System Capital Corporation (12 U.S.C. 2216, *et. seq.*; 12 CFR 611.1140 *et. seq.*) or Capital Directive No. 1.

Albuquerque Production Credit Association v. FCA

Amarillo Production Credit Association, et al, v. FCA

Aroostook County Federal Land Bank Association, et al. v. FCA

Bryan Production Credit Association et al., v. FCA

Caprock-Plains Federal Land Bank Association, et al. v. FCA

Central Kentucky Production Credit Association, et al., v. FCA

Central Production Credit Association v. FCA

Colorado Springs Production Credit Association, et al., v. FCA

Federal Land Bank of Baltimore, et al., v. FCA

Federal Land Bank of Columbia v. FCA

Federal Land Bank of Sacramento, et al. v. FCA

Federal Land Bank of Springfield, et al. v. FCA

Federal Land Bank Association of Kingsbury v. FCA

Garden City Production Credit Association v. FCA

Great Plains Production Credit Association v. FCA

Northwest Louisiana Production Credit Association v. FCA

Production Credit Association of Eastern New Mexico v. FCA

Production Credit Association of Fourth District v. FCA

Sikeston Production Credit Association, et al. v. FCA

In the following lawsuits, system banks challenged, on a variety of grounds, 12 CFR 624.114, which prohibits system institutions from reversing any financial assistance that was received or accrued prior to October 1, 1986 from the capital corporation or pursuant to capital preservation/loss sharing programs. Some of these lawsuits also raised allegations with respect to FCA's regulations relating to Regulatory Accounting Practices (12 CFR 624.100 *et seq.*)

Federal Land Bank of Baltimore v. FCA

Federal Land Bank of Columbia v. FCA

Federal Land Bank of Spokane v. FCA

Federal Land Bank of Texas v. FCA

In *Federal Land Bank of St. Paul, et al. v. Federal Land Bank of Texas, et al.*, and *Federal Land Bank of Jackson, et al. v. Federal Land Bank of Columbia, et al.*, plaintiffs sought to enforce their contractual right to receive contributions under capital preservation agreements and require that FCA retain its regulations prohibiting reversals (12 CFR 624.114).

In the following lawsuits, plaintiffs have alleged impairment of equities as a result of capital preservation agreements and/or assessments by the capital corporation.

American Farm Credit Corp., et al., v. Federal Intermediate Credit Bank of Wichita, et al.

National Finance Credit Corporation of Texas v. Federal Intermediate Credit Bank of Texas and FCA

In the following lawsuits, system institutions challenged 12 CFR 611.1130, which sets forth the circumstances and procedures under which the FCA may direct the transfer of funds and equities between system institutions.

Caprock-Plains Federal Land Bank Association, et al., v. FCA

Eastern Idaho Production Credit Association v. FCA

Northern Ohio Production Credit Association v. FCA

The following lawsuit challenged the merger of all Production Credit Associations in the Eighth (Omaha) Farm Credit District.

Donnelly v. South Omaha Production Credit Association is a suit brought by stockholders in the South Omaha PCA against the FCA, the Federal Intermediate Credit Bank of Omaha, and the South Omaha PCA. In challenging the merger of all PCAs in the district into a single PCA, it alleged inadequate disclosure in violation of FCA regulations, arbitrary and capricious approval of disclosure materials by FCA, an unconstitu-

tional taking of the plaintiffs' stock, and breach of fiduciary trust by the PCA's directors. The complaint also challenged the constitutionality of FCA's merger regulations.

The following lawsuit challenged the joint management of the Farm Credit Banks of Texas.

Holman v. FCA is a suit brought by stockholders of the Federal Land Bank Associations in the Tenth (Texas) Farm Credit District against FCA, the Tenth District Farm Credit Board, and the president of the three Farm Credit Banks of Texas. It challenged, on a variety of constitutional and statutory bases, the district board's decision to place the Federal Land Bank, the Federal Intermediate Credit Bank, and the Bank for Cooperatives under joint management. The plaintiffs also alleged that representation on the district board should be proportional to the number of shareholders and percentage of total district assets held by the Federal Land Bank Associations, Production Credit Associations, and Bank for Cooperatives, and complain that the banks fail to distribute surplus or issue dividends. In addition, the complaint sought injunctive relief against the discharging, demoting, or transferring of any employee, officer, or representative of the Federal Land Bank of Texas or of any Federal Land Bank Association in Texas for any reason other than good cause or threatening to take any disciplinary action against such persons.

Two lawsuits challenged the borrower rights regulations (12 CFR 614.4440-4443)—*Kochenderfer Farms, Inc. v. FCA et al.*, and *Lanzi v. FCA* and the Federal Land Bank of Sacramento.

One suit challenged FCA's authority to liquidate Production Credit Associations and stop retirement of stock.

Wehrheim v. Federal Intermediate Credit Bank of Spokane is a suit brought by the borrower/stockholders of four Production Credit Associations in liquidation in the Twelfth (Spokane) Farm Credit District against the FCA, the Federal Intermediate Credit Bank of Spokane and the four associations in liquidation—Milk River, Western Montana, Glendive, and Western Washington Production Credit Associations.

The plaintiffs alleged they are entitled to the full value of their stock and all allocated equities of their respective associations and challenge FCA's authority to liquidate the associations and stop the retirement of equities of those in liquidation.

In addition to these specific cases, the agency has been named as a defendant in numerous lawsuits and countersuits arising out of foreclosure actions by Farm Credit System institutions, which attempt to draw the FCA into borrower-lender disputes, and lawsuits alleging unconstitutionality or

notorious conduct by the FCA in connection with its regulatory responsibilities. The FCA is also involved in a number of disputes involving litigants' attempts to acquire and use official FCA documents in litigation in which FCA is not a party.

Regulations Issued to Implement Law

Following is a listing of final regulations issued during 1986. The listing contains the part and section of the regulation, a brief description of its content, the Federal Register Citation, and the date of its publication.

Regulations List

| Part/ Section No. | Subject | Federal Register Citation | Date Published |
|----------------------|--|------------------------------|-------------------|
| 602 | Releasing Information | | |
| 602.250 | Official records of the Farm Credit Administration | 51 Fed. Reg. 8656 | 3/13/86 |
| 620 | Disclosure to Shareholders | | |
| 620.1 | Definitions | 51 Fed. Reg. 8657 | 3/13/86 |
| 620.2 | Preparing, distributing, and filing the report | 51 Fed. Reg. 8657 | 3/13/86 |
| 620.3 | Contents of the annual report to shareholders | 51 Fed. Reg. 8657 | 3/13/86 |
| 620.20 | Preparing, distributing, and filing the information statement | 51 Fed. Reg. 8660 | 3/13/86 |
| 620.21 | Contents of the association annual meeting information statement | 51 Fed. Reg. 8660 | 3/13/86 |
| 620.22 | Prohibition against incomplete, inaccurate, or misleading disclosure | 51 Fed. Reg. 8661 | 3/13/86 |
| 621 | Accounting and Reporting Requirements | | |
| 621.1 | Purpose and applicability | 51 Fed. Reg. 8661 | 3/13/86 |
| 621.2 | Definitions | 51 Fed. Reg. 8661 | 3/13/86 |
| 621.3 | Generally accepted accounting principles | 51 Fed. Reg. 8663 | 3/13/86 |
| 621.4 | Accrual basis of accounting | 51 Fed. Reg. 8663 | 3/13/86 |
| 621.5 | Nonperforming assets | 51 Fed. Reg. 8663 | 3/13/86 |
| 621.6 | Uncollectible interest on loans and similar assets-general rules | 51 Fed. Reg. 8663 | 3/13/86 |
| 621.7 | Chargeoff of losses on loans | 51 Fed. Reg. 8664 | 3/13/86 |
| 621.8 | Adjustments to book value of assets | 51 Fed. Reg. 8664 | 3/13/86 |
| 621.9 | Audit by qualified public accountant | 51 Fed. Reg. 8664 | 3/13/86 |
| 621.10 | Applicability and purpose | 51 Fed. Reg. 8664 | 3/13/86 |
| 621.11 | Contents and standards- general rules | 51 Fed. Reg. 8665 | 3/13/86 |
| 621.12 | Certification of correctness | 51 Fed. Reg. 8665 | 3/13/86 |
| 611 | Organization; Farm Credit System Capital Corporation | | |
| 611.1145 | Redesignated as 611.1130 | 51 Fed. Reg. 8666 | 3/13/86 |
| 611.1150 | Redesignated as 611.1135 | 51 Fed. Reg. 8666 | 3/13/86 |
| 611.1151 | Redesignated as 611.1136 | 51 Fed. Reg. 8666 | 3/13/86 |

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| Part/ Section No. | Subject | Federal Register Citation | Date Published |
|----------------------|--|------------------------------|-------------------|
| 611.1140 | Charter and organization of the Farm Credit System Capital Corporation | 51 Fed. Reg. 8666 | 3/13/86 |
| 611.1141 | Corporation capitalization; classes of stock; dividends; transfers, exchanges, and retirements | 51 Fed. Reg. 8668 | 3/13/86 |
| 611.1142 | General corporate powers | 51 Fed. Reg. 8669 | 3/13/86 |
| 611 | Organization; Farm Credit System Capital Corporation | | |
| 611.1142(c) | General corporate powers | 51 Fed. Reg. 16292 | 5/2/86 |
| 622 | Rules of Practice and Procedure | | |
| 622.1 | Scope of regulations | 51 Fed. Reg. 21139 | 6/11/86 |
| 622.2 | Definitions | 51 Fed. Reg. 21139 | 6/11/86 |
| 622.3 | Appearance and practice | 51 Fed. Reg. 21139 | 6/11/86 |
| 622.4 | Commencement of proceedings | 51 Fed. Reg. 21140 | 6/11/86 |
| 622.5 | Answer | 51 Fed. Reg. 21140 | 6/11/86 |
| 622.6 | Opportunity for informed settlement | 51 Fed. Reg. 21140 | 6/11/86 |
| 622.7 | Conduct of hearings | 51 Fed. Reg. 21140 | 6/11/86 |
| 622.8 | Rules of evidence | 51 Fed. Reg. 21141 | 6/11/86 |
| 622.9 | Subpoenas | 51 Fed. Reg. 21141 | 6/11/86 |
| 622.10 | Depositions | 51 Fed. Reg. 21142 | 6/11/86 |
| 622.11 | Motions | 51 Fed. Reg. 21142 | 6/11/86 |
| 622.12 | Proposed findings and conclusions; recommended decision | 51 Fed. Reg. 21143 | 6/11/86 |
| 622.13 | Exceptions | 51 Fed. Reg. 21143 | 6/11/86 |
| 622.14 | Briefs | 51 Fed. Reg. 21143 | 6/11/86 |
| 622.15 | Oral argument before the Board | 51 Fed. Reg. 21143 | 6/11/86 |
| 622.16 | Notice of submission to the Board | 51 Fed. Reg. 21143 | 6/11/86 |
| 622.17 | Decision of the Board | 51 Fed. Reg. 21143 | 6/11/86 |
| 622.18 | Filing | 51 Fed. Reg. 21143 | 6/11/86 |
| 622.19 | Service | 51 Fed. Reg. 21144 | 6/11/86 |
| 622.20 | Documents in proceedings confidential | 51 Fed. Reg. 21144 | 6/11/86 |
| 622.21 | Computing time | 51 Fed. Reg. 21144 | 6/11/86 |
| 622.22 | Retained authority | 51 Fed. Reg. 21144 | 6/11/86 |
| 622.23- | | | |
| 622.50 | [Reserved] | 51 Fed. Reg. 21144 | 6/11/86 |
| 622.51 | Definitions | 51 Fed. Reg. 21144 | 6/11/86 |
| 622.52 | Purpose and scope | 51 Fed. Reg. 21144 | 6/11/86 |
| 622.53 | Notice of assessment of civil money penalty | 51 Fed. Reg. 21144 | 6/11/86 |
| 622.54 | Prenotice conference | 51 Fed. Reg. 21144 | 6/11/86 |
| 622.55 | Request for formal hearing on assessment | 51 Fed. Reg. 21144 | 6/11/86 |
| 622.56 | Waiver of hearing; Consent | 51 Fed. Reg. 21144 | 6/11/86 |
| 622.57 | Hearing on assessment | 51 Fed. Reg. 21144 | 6/11/86 |
| 622.58 | Assessment order | 51 Fed. Reg. 21145 | 6/11/86 |
| 622.59 | Relevant considerations | 51 Fed. Reg. 21145 | 6/11/86 |
| 622.60 | Payment of civil money penalty | 51 Fed. Reg. 21145 | 6/11/86 |
| 622.61- | | | |
| 622.75 | [Reserved] | 51 Fed. Reg. 21145 | 6/11/86 |
| 622.76 | Definitions | 51 Fed. Reg. 21145 | 6/11/86 |
| 622.77 | Purpose and scope | 51 Fed. Reg. 21145 | 6/11/86 |

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| 622.78 | Suspension, prohibition or removal | 51 Fed. Reg. 21145 | 6/11/86 |
| 622.79 | Petition for informal hearing | 51 Fed. Reg. 21145 | 6/11/86 |
| 622.80 | Informal hearing | 51 Fed. Reg. 21145 | 6/11/86 |
| 622.81 | Default | 51 Fed. Reg. 21146 | 6/11/86 |
| 622.82 | Decision of the Board | 51 Fed. Reg. 21146 | 6/11/86 |
| 622.83- | | | |
| 622.100 | [Reserved] | 51 Fed. Reg. 21146 | 6/11/86 |
| 622.101 | Definitions | 51 Fed. Reg. 21146 | 6/11/86 |
| 622.102 | Scope | 51 Fed. Reg. 21146 | 6/11/86 |
| 622.103 | Formal investigations are confidential | 51 Fed. Reg. 21146 | 6/11/86 |
| 622.104 | Order to conduct formal investigation | 51 Fed. Reg. 21146 | 6/11/86 |
| 622.105 | Conduct of investigation | 51 Fed. Reg. 21146 | 6/11/86 |
| 622.106 | Service of subpoena and payment of witness fees | 51 Fed. Reg. 21146 | 6/11/86 |
| 622.107 | Transcripts | 51 Fed. Reg. 21147 | 6/11/86 |
| 623 | Practice Before the Farm Credit Administration | | |
| 623.1 | Scope of Part | 51 Fed. Reg. 21147 | 6/11/86 |
| 623.2 | Definitions | 51 Fed. Reg. 21147 | 6/11/86 |
| 623.3 | Who may practice | 51 Fed. Reg. 21147 | 6/11/86 |
| 623.4 | Suspension and debarment | 51 Fed. Reg. 21147 | 6/11/86 |
| 623.5 | Reinstatement | 51 Fed. Reg. 21148 | 6/11/86 |
| 623.6 | Duty to file information concerning adverse judicial or administrative action | 51 Fed. Reg. 21148 | 6/11/86 |
| 623.7 | Proceeding under this part | 51 Fed. Reg. 21149 | 6/11/86 |
| 611 | Organization; Farm Credit System Capital Corporation; Funding | | |
| 611.1142(h) | General corporate powers Funding | 51 Fed. Reg. 21334 | 6/12/86 |
| 620 | Disclosure to Shareholders | | |
| 620.2 | Preparing, distributing, and filing the report | 51 Fed. Reg. 21340 | 6/12/86 |
| 620.3 | Contents of the annual report to shareholders | 51 Fed. Reg. 21341 | 6/12/86 |
| 620.10 | Preparing, distributing, and filing the report | 51 Fed. Reg. 21341 | 6/12/86 |
| 620.11 | Content of quarterly report to shareholders | 51 Fed. Reg. 21341 | 6/12/86 |
| 620.20 | Preparing, distributing, and filing the information statement | 51 Fed. Reg. 21343 | 6/12/86 |
| 621 | Accounting and Reporting Requirements | | |
| 621.2 | Definitions | 51 Fed. Reg. 21343 | 6/12/86 |
| 611 | Organization | | |
| 611.1090 | Request for district changes- general | 51 Fed. Reg. 32441 | 9/12/86 |
| 611.1115 | [Removed] | 51 Fed. Reg. 32441 | 9/12/86 |
| 611.1121 | Charter amendment procedures | 51 Fed. Reg. 32441 | 9/12/86 |
| 611.1122 | Requirements for mergers or consolidations | 51 Fed. Reg. 32441 | 9/12/86 |
| 611.1123 | Merger or consolidation agreements | 51 Fed. Reg. 32442 | 9/12/86 |
| 611.1124 | Territorial adjustments | 51 Fed. Reg. 32442 | 9/12/86 |
| 611.1125 | Treatment of associations not approving districtwide mergers | 51 Fed. Reg. 32443 | 9/12/86 |
| 611.1155 | General | 51 Fed. Reg. 32443 | 9/12/86 |

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| 611.1156 | Grounds for appointment of conservators and receivers | 51 Fed. Reg. 32443 | 9/12/86 |
| 611.1157 | Conservators and receivers | 51 Fed. Reg. 32444 | 9/12/86 |
| 611.1158 | Action for removal of conservator or receiver | 51 Fed. Reg. 32444 | 9/12/86 |
| 611.1160 | Appointment of receiver | 51 Fed. Reg. 32444 | 9/12/86 |
| 611.1161 | Powers and duties of the receiver | 51 Fed. Reg. 32444 | 9/12/86 |
| 611.1165 | Sale and transfer of loans | 51 Fed. Reg. 32444 | 9/12/86 |
| 611.1167 | Inventory, examination, audit, and reports to stockholders | 51 Fed. Reg. 32445 | 9/12/86 |
| 611.1170 | Appointment of receiver | 51 Fed. Reg. 32446 | 9/12/86 |
| 611.1175 | Inventory, examination, audit, and reports to stockholders | 51 Fed. Reg. 32446 | 9/12/86 |
| 611.1180 | Appointment of conservator | 51 Fed. Reg. 32447 | 9/12/86 |
| 611.1181 | Powers and duties of conservators | 51 Fed. Reg. 32447 | 9/12/86 |
| 611.1182 | Inventory, examination, audit, and reports to stockholders | 51 Fed. Reg. 32447 | 9/12/86 |
| 611.1183 | Final discharge and release of conservators | 51 Fed. Reg. 32447 | 9/12/86 |
| 614 | Loan Policies and Operations | | |
| 614.4365 | Applicability | 51 Fed. Reg. 39500 | 10/28/86 |
| 614.4366 | Definitions | 51 Fed. Reg. 39500 | 10/28/86 |
| 614.4367 | Required disclosure | 51 Fed. Reg. 39500 | 10/28/86 |
| 614.4440 | Definitions | 51 Fed. Reg. 39501 | 10/28/86 |
| 614.4441 | Notice of action on loan application | 51 Fed. Reg. 39502 | 10/28/86 |
| 614.4442 | Credit review committees | 51 Fed. Reg. 39502 | 10/28/86 |
| 614.4443 | Review process | 51 Fed. Reg. 39502 | 10/28/86 |
| 614.4444 | Records | 51 Fed. Reg. 39502 | 10/28/86 |
| 614.4510 | General | 51 Fed. Reg. 39502 | 10/28/86 |
| 614.4512 | [Removed] | 51 Fed. Reg. 39502 | 10/28/86 |
| 614.4513 | Forbearance | 51 Fed. Reg. 39502 | 10/28/86 |
| 615 | Funding and Fiscal Affairs | | |
| 615.5255 | Notice of retirement of capital stock and participation certificates | 51 Fed. Reg. 39503 | 10/28/86 |
| 618 | General Provisions | | |
| 618.8010 | [Removed] | 51 Fed. Reg. 39503 | 10/28/86 |
| 618.8020 | [Removed] | 51 Fed. Reg. 39503 | 10/28/86 |
| 618.8310 | Lists of borrowers and stockholders | 51 Fed. Reg. 39503 | 10/28/86 |
| 618.8325 | Disclosure of loan documents | 51 Fed. Reg. 39504 | 10/28/86 |
| 600 | Organization and Functions | | |
| 600.1 | Farm Credit Administration | 51 Fed. Reg. 41933 | 11/20/86 |
| 600.2 | Farm Credit Administration Board | 51 Fed. Reg. 41933 | 11/20/86 |
| 600.3 | Chairman of the Farm Credit Administration Board | 51 Fed. Reg. 41933 | 11/20/86 |
| 600.4 | Office of Administration | 51 Fed. Reg. 41934 | 11/20/86 |
| 600.5 | Office of Analysis and Supervision | 51 Fed. Reg. 41934 | 11/20/86 |
| 600.6 | Office of Congressional and Public Affairs | 51 Fed. Reg. 41934 | 11/20/86 |
| 600.7 | Office of Examination | 51 Fed. Reg. 41934 | 11/20/86 |
| 600.8 | Office of General Counsel | 51 Fed. Reg. 41935 | 11/20/86 |
| 600.9 | Other offices | 51 Fed. Reg. 41935 | 11/20/86 |

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| 601 | Employee Responsibilities and Conduct | | |
| 601.100 | General policy | 51 Fed. Reg. 41935 | 11/20/86 |
| 601.101 | Responsibilities | 51 Fed. Reg. 41935 | 11/20/86 |
| 601.110 | Conflict of interest | 51 Fed. Reg. 41935 | 11/20/86 |
| 601.126 | Teaching, writing, and lecturing | 51 Fed. Reg. 41936 | 11/20/86 |
| 601.127 | Administrative approval to engage in outside employment | 51 Fed. Reg. 41936 | 11/20/86 |
| 601.130 | Farm Credit Administration examiners | 51 Fed. Reg. 41936 | 11/20/86 |
| 601.140 | Political activity | 51 Fed. Reg. 41936 | 11/20/86 |
| 601.141 | Prohibition against involvement in Farm Credit System elections of board members | 51 Fed. Reg. 41936 | 11/20/86 |
| 601.150 | Distribution of printed material by employees | 51 Fed. Reg. 41936 | 11/20/86 |
| 601.165 | Foreign decorations | 51 Fed. Reg. 41937 | 11/20/86 |
| 601.170 | Statements of employment and financial interests | 51 Fed. Reg. 41937 | 11/20/86 |
| 601.171 | Time and place for submission of statements | 51 Fed. Reg. 41937 | 11/20/86 |
| 601.176 | Confidentiality of statements | 51 Fed. Reg. 41937 | 11/20/86 |
| 601.178 | Review of statements | 51 Fed. Reg. 41937 | 11/20/86 |
| 601.180 | Special Government employees | 51 Fed. Reg. 41937 | 11/20/86 |
| 601.190 | [Removed] | 51 Fed. Reg. 41938 | 11/20/86 |
| 602 | Releasing Information | | |
| 602.200 | General rule | 51 Fed. Reg. 41938 | 11/20/86 |
| 602.205 | Farm Credit Administration examination reports | 51 Fed. Reg. 41938 | 11/20/86 |
| 602.210 | [Removed] | 51 Fed. Reg. 41938 | 11/20/86 |
| 602.215 | Data regarding borrowers and loan applicants | 51 Fed. Reg. 41938 | 11/20/86 |
| 602.220 | Waiver of restrictions | 51 Fed. Reg. 41938 | 11/20/86 |
| 602.235 | [Removed] | 51 Fed. Reg. 41938 | 11/20/86 |
| 602.240 | [Removed] | 51 Fed. Reg. 41938 | 11/20/86 |
| 602.245 | [Removed] | 51 Fed. Reg. 41938 | 11/20/86 |
| 602.260 | Request for records | 51 Fed. Reg. 41938 | 11/20/86 |
| 602.261 | Response to requests for records | 51 Fed. Reg. 41939 | 11/20/86 |
| 602.265 | Fees for provision of records | 51 Fed. Reg. 41939 | 11/20/86 |
| 602.280 | General purposes | 51 Fed. Reg. 41939 | 11/20/86 |
| 602.281 | Definitions | 51 Fed. Reg. 41940 | 11/20/86 |
| 602.282 | General policy | 51 Fed. Reg. 41940 | 11/20/86 |
| 602.283 | Request for testimony or production of documents | 51 Fed. Reg. 41940 | 11/20/86 |
| 602.284 | Scope of permissible testimony | 51 Fed. Reg. 41940 | 11/20/86 |
| 602.285 | Manner in which testimony is given | 51 Fed. Reg. 41940 | 11/20/86 |
| 602.286 | Manner in which documents will be produced | 51 Fed. Reg. 41940 | 11/20/86 |
| 602.288 | Responses to demands served on FCA employees | 51 Fed. Reg. 41940 | 11/20/86 |
| 602.289 | Responses to demands served on non-FCA employees or entities | 51 Fed. Reg. 41941 | 11/20/86 |
| 603 | Privacy Act Regulations | | |
| 603.300 | Purpose and Scope | 51 Fed. Reg. 41941 | 11/20/86 |
| 603.305 | Definitions | 51 Fed. Reg. 41941 | 11/20/86 |
| 603.310 | Procedures for requests pertaining to individual records in a record system | 51 Fed. Reg. 41941 | 11/20/86 |
| 603.315 | Times, places and requirements for identification of individuals making requests | 51 Fed. Reg. 41941 | 11/20/86 |
| 603.320 | Disclosure of requested information to individuals | 51 Fed. Reg. 41941 | 11/20/86 |
| 603.325 | Special procedures for medical records | 51 Fed. Reg. 41942 | 11/20/86 |

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| 603.330 | Request for amendment to record | 51 Fed. Reg. 41942 | 11/20/86 |
| 603.340 | Appeal of an initial adverse determination of a request to amend a record | 51 Fed. Reg. 41942 | 11/20/86 |
| 604 | Farm Credit Administration Board Meetings | | |
| 604.400 | Definitions | 51 Fed. Reg. 41942 | 11/20/86 |
| 604.405 | Notice of public observation | 51 Fed. Reg. 41942 | 11/20/86 |
| 604.410 | Scope of application | 51 Fed. Reg. 41942 | 11/20/86 |
| 604.415 | Open meetings | 51 Fed. Reg. 41943 | 11/20/86 |
| 604.420 | Exemptive provisions | 51 Fed. Reg. 41943 | 11/20/86 |
| 604.425 | Announcement of meetings | 51 Fed. Reg. 41943 | 11/20/86 |
| 604.430 | Closure of meetings | 51 Fed. Reg. 41943 | 11/20/86 |
| 604.435 | Record of closed meetings or closed portion of a meeting | 51 Fed. Reg. 41943 | 11/20/86 |
| 604.440 | Requests for information | 51 Fed. Reg. 41944 | 11/20/86 |
| 611 | Organization | | |
| 611.100 | The Farm Credit Act | 51 Fed. Reg. 41944 | 11/20/86 |
| 611.200 | [Removed] | 51 Fed. Reg. 41944 | 11/20/86 |
| 611.400 | System organization | 51 Fed. Reg. 41944 | 11/20/86 |
| 611.500 | District territories | 51 Fed. Reg. 41944 | 11/20/86 |
| 611.1000 | Organization—district boards of directors | 51 Fed. Reg. 41945 | 11/20/86 |
| 611.1010 | Powers, duties, and responsibilities | 51 Fed. Reg. 41945 | 11/20/86 |
| 611.1120 | General authority | 51 Fed. Reg. 41945 | 11/20/86 |
| 611.1130 | Inter-System transfer of funds and equities | 51 Fed. Reg. 41945 | 11/20/86 |
| 611.1135 | Incorporation of service organizations | 51 Fed. Reg. 41945 | 11/20/86 |
| 611.1168 | Final discharge and release of receiver | 51 Fed. Reg. 41945 | 11/20/86 |
| 611.1174 | Creditor's claims and priority of claims | 51 Fed. Reg. 41946 | 11/20/86 |
| 611.1176 | Final discharge and release of receiver | 51 Fed. Reg. 41946 | 11/20/86 |
| 612 | Personnel Administration | | |
| 612.2130 | Definitions | 51 Fed. Reg. 41946 | 11/20/86 |
| 612.2150 | Employees—prohibited acts | 51 Fed. Reg. 41946 | 11/20/86 |
| 612.2200 | Soliciting support in election polls for associations or district board membership | 51 Fed. Reg. 41946 | 11/20/86 |
| 612.2220 | Political activity | 51 Fed. Reg. 41946 | 11/20/86 |
| 613 | Eligibility and Scope of Financing | | |
| 613.3170 | Equal housing lender poster | 51 Fed. Reg. 41947 | 11/20/86 |
| 614 | Loan Policies and Operations | | |
| 614.4010 | [Removed] | 51 Fed. Reg. 41947 | 11/20/86 |
| 614.4015 | [Removed] | 51 Fed. Reg. 41947 | 11/20/86 |
| 614.4020 | [Removed] | 51 Fed. Reg. 41947 | 11/20/86 |
| 614.4260 | Banks for cooperatives | 51 Fed. Reg. 41947 | 11/20/86 |
| 614.4450 | General requirements | 51 Fed. Reg. 41947 | 11/20/86 |
| 614.4460 | Loan approval responsibility | 51 Fed. Reg. 41947 | 11/20/86 |
| 614.4590 | General financing agreement | 51 Fed. Reg. 41947 | 11/20/86 |
| 614.4710 | Bankers acceptance financing | 51 Fed. Reg. 41947 | 11/20/86 |
| 614.4900 | Foreign exchange | 51 Fed. Reg. 41948 | 11/20/86 |

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| 615 | Funding and Fiscal Affairs | | |
| 615.5250 | Responsibility | 51 Fed. Reg. 41948 | 11/20/86 |
| 615.5453 | Definitive bonds | 51 Fed. Reg. 41948 | 11/20/86 |
| 615.5495 | Lost, stolen, destroyed, mutilated or defaced Farm Credit securities, including coupons | 51 Fed. Reg. 41948 | 11/20/86 |
| 617 | Examinations and Investigations | | |
| 617.7000 | Farm Credit System institutions | 51 Fed. Reg. 41948 | 11/20/86 |
| 617.7020 | Other financing institutions | 51 Fed. Reg. 41948 | 11/20/86 |
| 617.7030 | Farm Credit Administration examiners' responsibilities | | |
| 617.7050 | [Removed] | 51 Fed. Reg. 41949 | 11/20/86 |
| 617.7060 | [Removed] | 51 Fed. Reg. 41949 | 11/20/86 |
| 617.7070 | Coverage | 51 Fed. Reg. 41949 | 11/20/86 |
| 617.7080 | Reports | 51 Fed. Reg. 41949 | 11/20/86 |
| 617.7100 | [Removed] | 51 Fed. Reg. 41949 | 11/20/86 |
| 618 | General Provisions | | |
| 618.8100 | Farm Credit Administration | 51 Fed. Reg. 41949 | 11/20/86 |
| 618.8150 | [Removed] | 51 Fed. Reg. 41949 | 11/20/86 |
| 618.8340 | Information regarding personnel | 51 Fed. Reg. 41949 | 11/20/86 |
| 618.8350 | [Removed] | 51 Fed. Reg. 41949 | 11/20/86 |
| 618.8400 | National Archives and Records Administration regulations | 51 Fed. Reg. 41950 | 11/20/86 |
| 618.8410 | Transfers to Federal Records Center | 51 Fed. Reg. 41950 | 11/20/86 |
| 620 | Disclosure to Shareholders | | |
| 620.1 | Definitions | 51 Fed. Reg. 42086 | 11/21/86 |
| 620.3 | Contents of the annual report to shareholders | 51 Fed. Reg. 42087 | 11/21/86 |
| 621 | Accounting and Reporting Requirements | | |
| 621.2 | Definitions | 51 Fed. Reg. 42087 | 11/21/86 |
| 620 | Disclosure to Shareholders | | |
| 620.3 | Contents of the annual report to shareholders | 51 Fed. Reg. 44783 | 12/12/86 |
| 621 | Accounting and Reporting Requirements | | |
| 621.2 | Definitions | 51 Fed. Reg. 44783 | 12/12/86 |
| 624 | Temporary Regulations | | |
| 624.100 | General | 51 Fed. Reg. 46600 | 12/24/86 |
| 624.101 | Definitions | 51 Fed. Reg. 46600 | 12/24/86 |
| 624.102 | Deferral of interest costs on debt | 51 Fed. Reg. 46600 | 12/24/86 |
| 624.103 | Deferral of the provisions for loan losses | 51 Fed. Reg. 46601 | 12/24/86 |
| 624.104 | Retirement of equities | 51 Fed. Reg. 46601 | 12/24/86 |
| 624.110 | General | 51 Fed. Reg. 46601 | 12/24/86 |
| 624.111 | Deferral of interest costs | 51 Fed. Reg. 46601 | 12/24/86 |
| 624.112 | Deferral of the provision for loan losses | 51 Fed. Reg. 46601 | 12/24/86 |
| 624.113 | Financial reporting and disclosure | 51 Fed. Reg. 46601 | 12/24/86 |
| 624.114 | Financial assistance | 51 Fed. Reg. 46601 | 12/24/86 |

Farm Credit Administration Budget

The Farm Credit Administration operates on a fiscal year basis, from October 1 to September 30. The law requires that the FCA shall prior to the first day of each fiscal year estimate the cost of administrative expenses for the ensuing year in administering the Farm Credit Act of 1971, as amended. It shall then apportion the amount so determined among the institutions of the system on such equitable basis as it shall determine and collect in advance the amounts so apportioned from the institutions among which the apportionment is made.

The amounts collected are deposited into the U.S. Treasury and credited to a special fund and, without regard to other law, shall be available to the Farm Credit Administration for expenditure during each fiscal year for salaries and expenses of the Farm Credit Administration.

Following are the actual expenditures for fiscal year 1986 and estimated expenditures for fiscal year 1987.

Object Classifications in Thousands of Dollars

| Object Class | 1986 Actual | 1987 Estimated |
|---------------------------------|-------------|----------------|
| Personnel compensation: | | |
| Full-time permanent | \$12,028 | \$19,371 |
| Other than full-time permanent | 587 | 468 |
| Other personnel compensation | 241 | 559 |
| Special personnel services | 163 | 452 |
| Total personnel compensation | 13,019 | 20,850 |
| Personnel benefits | 1,961 | 4,672 |
| Benefits for former personnel | 28 | 0 |
| Travel and transportation | 1,892 | 6,426 |
| Transportation of things | 249 | 606 |
| Communications, utilities, rent | 1,064 | 954 |
| Printing and reproduction | 275 | 341 |
| Other services | 1,365 | 2,679 |
| Supplies and materials | 559 | 716 |
| Equipment | 1,443 | 855 |
| Total obligations | \$21,855 | \$38,099 |

The Farm Credit System

The Farm Credit System is a cooperatively owned group of banks, associations, and service organizations that provides credit and credit related services to farmers, ranchers, rural homeowners, producers and harvesters of aquatic products, and selected farm related businesses. It also provides credit and related services to agricultural, aquatic, and rural public utility cooperatives. The system serves all 50 states and Puerto Rico.

All system institutions are Federally chartered instrumentalities of the United States and operate under authorities contained in the Farm Credit Act of 1971, as amended.

The Farm Credit System is divided into 12 Farm Credit Districts. In each district, there is a Federal Land Bank (FLB), a Federal Intermediate Credit Bank (FICB), and a Bank for Cooperatives (BC). There is also a Central Bank for Cooperatives in Denver, Colo. The system's service organizations are the Farm Credit Corporation of America, Denver, Colo., which provides leadership and strategic planning services; the Federal Farm Credit Banks Funding Corporation, New York, N.Y., which markets the securities issued by the Farm Credit Banks to raise loan funds; the Farm Credit Leasing Services Corporation, Minneapolis, Minn., which leases or arranges leases for a variety of equipment and facilities for cooperatives and their producers; and the Farm Credit System Capital Corporation, which provides technical and financial assistance to troubled system institutions and their borrowers as described in detail earlier.

The three Farm Credit Banks in all but one district are operated under common management, though they are separate legal entities. While common management has been in effect for some time in several districts, most have adopted it in recent years.

The Federal Land Banks and Federal Intermediate Credit Banks supervise and exercise significant control over the activities of the respective Federal Land Bank Associations (FLBAs) and Production Credit Associations (PCAs) in their districts.

Federal Land Banks-Federal Land Bank Associations

The 12 Federal Land Banks make long term loans secured by first mortgages on real

estate. Loans are made through approximately 230 Federal Land Bank Associations, most of which have branch offices. In recent years, a number of FLBAs have merged, and some have common management with PCAs serving the same territory. Commonly managed FLBA and PCA offices are often referred to as Farm Credit Services.

Federal Land Banks make loans for a variety of purposes, including the purchase of farms, farm land, machinery, equipment, and livestock; refinancing existing mortgages and paying other debts; constructing and repairing buildings; making land improvements; and financing other farm, farm home, or farm family needs. Loans can also be made for the purchase or construction of rural homes, for real estate needed for aquatic operations, and to certain farm related businesses.

Loans made by the Federal Land Banks have terms of from 5 to 40 years. Loans can be made in amounts of up to 85 percent of the market value of the real estate security; 97 percent if the loan is guaranteed by a government agency.

As a statutory condition to obtaining a loan, a borrower must purchase stock in the FLBA equal to at least 5 percent of the amount borrowed. The purchase price of the stock generally comes from the loan proceeds. The association purchases the same amount of stock in the Federal Land Bank. When the loan is repaid, the stock is retired at par or book value, whichever is less, pursuant to the Farm Credit Act and Federal regulations.

Federal Intermediate Credit Banks - Production Credit Associations

The 12 Federal Intermediate Credit Banks provide short and intermediate term loans to approximately 150 Production Credit Associations and to other financing institutions serving agricultural producers. A number of PCAs have merged in recent years, and some have common management with the FLBAs. Most PCAs also have branch offices.

Production Credit Associations are primary lenders, but obtain most of their loans funds from the FICBs, commercial banks, and one another in making loans.

Production Credit Associations serve the same clientele as the Federal Land Banks. Most of their loans are made for production or operating purposes and mature within a year. Farm and rural home loans, however, may have terms of up to 10 years, and loans to producers or harvesters of aquatic products may be made for up to 15 years.

Like borrowers from the Federal Land Banks, PCA borrowers also must purchase stock in the associations amounting to at least 5 percent of their loans. The stock is generally bought using proceeds from the loan and may be retired at par or book value, whichever is less, pursuant to the law and regulations. Ordinarily, stock is retired either when the loan balance equals the amount of the stock obligation or pro rata as principal payments are made. However, there are no statutory provisions for pro rata stock retirement.

Production Credit Associations and other financing institutions that receive loan funds from the FICBs, invest in the banks through the purchase of capital stock or participation certificates. They may also receive stock and participation certificates as distributions of bank earnings.

Banks for Cooperatives

The 12 district Banks for Cooperatives make loans to agricultural, aquatic, and rural utility cooperatives within their respective territories. The Central Bank for Cooperatives participates with the district banks in loans that exceed their individual lending capacity and handles international transactions of borrowing cooperatives. The Banks for Cooperatives may participate with commercial banks or with one another in filling the credit needs of their borrowers.

For a cooperative to be eligible to borrow from a Bank for Cooperatives, 80 percent of its voting control must be in the hands of agricultural or aquatic producers or federations of cooperatives in which control is so held. This may be reduced to 60 percent for certain farm supply cooperatives. Entities eligible to borrow from the Rural Electrification Administration or the Rural Telephone Bank are also eligible to borrow from the Banks for Cooperatives. To be eligible, a cooperative must do at least 50 percent of its business with its members. However,

business done with the U.S. Government or services and supplies furnished by the cooperative as a public utility are excluded from this requirement.

A cooperative must own at least one share of stock in a district Bank for Cooperatives to obtain a loan. Each district bank also has a program that provides for its capitalization by borrowers on an equitable basis.

Borrower Control of the Farm Credit System

The Federal Land Bank, Federal Intermediate Credit Bank, and Bank for Cooperatives in each Farm Credit District are under the control of a single, seven-member board of directors, which deals with each bank individually and with matters affecting all three banks.

Two directors are elected by the district's Federal Land Bank Associations, two by its Production Credit Associations, and two by cooperatives that own stock in the district Bank for Cooperatives. The seventh member is elected by the borrowers at large in the district.

Stockholders of the Federal Land Bank Associations and Production Credit Associations elect their boards of directors from among themselves.

The board of directors of the Central Bank for Cooperatives has 13 members. Twelve of its members are elected—one each—by the district Farm Credit Boards. The thirteenth is appointed by the Farm Credit Administration.

Conditions in the Farm Sector

Continued financial stress in the farm sector over several years has contributed to weaknesses in many dimensions of the financial performance of the institutions of the Farm Credit System. As a single-industry lender, the system has been severely affected by declining agricultural land values, dwindling export markets, and other economic events impairing the repayment capacity of agricultural borrowers.

Developments in the farm sector during 1986 were greatly influenced by the Food Security Act of 1985. Market prices for program crops dropped sharply, mostly because the new policy instruments isolated less of the commodity from the marketplace. Lower

prices, however, did not substantially reduce the net incomes of crop producers. Most were enrolled in the commodity programs and received the benefits of target price protection. In addition, the farm programs meant lower feed costs for those livestock producers who purchased most of their feed. The summer months offered record-high feeding margins for red meat and poultry producers.

Because the cattle and hog industries continued to liquidate herds throughout most of the year, meat production was sustained at record levels. The Dairy Herd Termination Program, which paid farmers to liquidate their entire herds and remain out of the dairy business for five years, also added to meat supplies in 1986. The large supplies of red meat and poultry tempered the growing pressures for price strength until late in the year.

Financial measures for the farm sector showed both strengths and weaknesses during 1986. According to preliminary estimates of the U.S. Department of Agriculture, total net farm income declined slightly to near \$29 billion, while net cash farm income held at a record high \$44 billion. Cash receipts from marketings were at their lowest level in seven years because of low market prices. But direct Government payments, in the form of both cash and in-kind payments, were a record \$12 billion. The cost cutting efforts of farmers also played a major role in maintaining net income. Total farm production expenses dropped for the fourth consecutive year in 1986. Farmers also cut back on capital purchases and maintenance expenses, as well as on their use of credit.

Though Government farm programs provided a substantial degree of stability to the sector's income flow, farm assets continued to decline in value. Total farm assets declined an estimated 7 to 8 percent in 1986, mostly because farm real estate values dropped 8 percent, or about \$50 billion. The decline made 1986 the fifth consecutive year farm assets have fallen.

Although farm debt declined for the fourth consecutive year, the trend was more gradual, causing steady increases in the sector's overall debt-to-asset ratio. Since the late 1970s, this ratio has gone from about 17 percent to 26 percent in 1986.

Financial Condition of the Farm Credit System

The financial condition of the Farm Credit System continued to deteriorate during 1986. The results show a decline in credit quality, significant operating losses, and further reductions in total earned capital.

On December 31, 1986, the system had net loans outstanding of \$54.6 billion, a decrease of \$12 billion from the \$66.6 billion outstanding a year earlier. In addition to loan charge-offs, the decline of 18 percent in loan volume can be attributed to (1) farmers generally choosing to operate with less debt to improve their financial positions, (2) commercial banks offering lower interest rates based on their marginal cost of funds vis-a-vis the system having to contend with a relatively high average cost of funds, (3) a doubling of loans outstanding by the Commodity Credit Corporation that diminished the need for operating credit from Production Credit Associations, and (4) the weakening financial position of the system that resulted in some borrowers paying off their loans in order to liquidate their holdings of capital stock in system institutions.

Non-accrual loans increased to \$7.1 billion on December 31, 1986, from \$5.3 billion a year earlier. Another \$5.7 billion in loans were classified as high risk at the end of 1986, compared to \$4 billion so classified at the end of 1985. Other property owned by the system, obtained through foreclosure or voluntary conveyance, increased to \$1.1 billion on December 31, 1986, from \$928 million on December 31, 1985. That means nearly 25 percent of the system's loans and loan related assets were adversely classified at the end of 1986. At the end of 1985, 15 percent of loans and loan related assets were adversely classified.

Provisions for loan losses were \$1.8 billion for 1986, and net charge-offs were \$1.4 billion. In 1985, they were \$2.9 billion and \$1.1 billion, respectively.

The system's allowance for loan losses increased to \$3.6 billion, or 6.2 percent of outstanding loans, at December 31, 1986, compared to \$3.2 billion, or 4.5 percent of outstanding loans, on December 31, 1985.

The Farm Credit System had net operating losses of \$1.9 billion in 1986, compared to operating losses of \$2.7 billion in 1985.

On December 31, 1986, the system had \$9.2 billion in total risk funds, consisting of \$3.6 billion in allowance for loan losses, \$1.4 billion in surplus, and \$4.2 billion in capital stock and participation certificates. A year earlier, it had \$11.6 billion in total risk funds, consisting of \$3.2 billion in allowance for loan losses, \$3.4 billion in surplus, and \$5.0 billion in capital stock and participation certificates.

The financial condition of the system caused its independent accountants to render a qualified opinion at the end of 1986, expressing uncertainty "whether the system will be able to return to profitability in the near future and continue to obtain adequate financing without some form of external assistance..." The accountants further expressed reservations as to the ability of the system to "continue in its present form."

Details of the financial condition of the system and its component parts may be found in Tables 1 through 49.

Financial Condition of the Federal Land Banks

The 12 Federal Land Banks had \$38.3 billion in net loans outstanding on December 31, 1986, a decrease of 18 percent from the \$46.9 billion in loans outstanding a year earlier. Included at the end of 1986 were \$5.8 billion in non-accrual loans, an increase of 45.3 percent over the \$4.0 billion in non-accrual loans at the end of 1985. Also included at the end of 1986 were \$4.6 billion in high risk loans, compared to \$3.4 billion in high risk loans a year earlier. Net acquired property increased by 26 percent, from \$722 million at the end of 1985 to \$909 million at the end of 1986. Consequently, a total of \$11.4 billion of the loans and loan related assets of the Federal Land Banks were adversely classified at the end of 1986, compared to \$8.1 billion so classified at the end of 1985.

Loan charge-offs during 1986 totaled \$938 million, compared to \$460 million in 1985, while provisions for loan losses decreased from \$2.0 billion to \$1.5 billion. Allowance for losses increased from \$2.1 billion at the end of 1985 to \$2.6 billion at the end of 1986.

Net operating losses for 1986 were \$1.4 billion, down from the \$2.0 billion in 1985.

Capital and surplus declined from \$3.7 billion at the end of 1985 to \$2.0 billion at the end of 1986, with the surplus account turning negative when reported under Generally Accepted Accounting Principles (GAAP). Capital stock would have been valued at less than par under GAAP in seven Federal Land Banks—one in the fourth quarter of 1985 and six in the third quarter of 1985—had it not been for the triggering of a 37-Bank Capital Preservation Agreement.

Financial Condition of the Federal Intermediate Credit Banks

The 12 Federal Intermediate Credit Banks had net loans and discounts outstanding to Production Credit Associations and other financial institutions of \$10.8 billion on December 31, 1986. This was \$3.1 billion, or 22 percent, less than the \$13.9 billion outstanding a year earlier.

Non-accrual loans declined nearly 11 percent, from \$193 million to \$172 million and other high risk loans rose from \$4.8 billion to \$5.9 billion. Acquired property rose only slightly, from \$23 million to \$26 million. Therefore, \$6.1 billion of the loans and loan related assets of the FICBs were adversely classified at the end of 1986, compared to \$5.0 billion of adversely classified loans and loan related assets at the end of 1985.

Financial Condition of the Production Credit Associations

The Production Credit Associations had net loans outstanding of \$10.7 billion on December 31, 1986, a decrease of 24.7 percent from the \$14.2 billion outstanding a year earlier.

Non-accrual loans increased 14.2 percent, from \$891 million at the end of 1985 to \$1.0 billion at the end of 1986, and other high risk loans declined slightly, from \$1.4 billion to \$1.3 billion. Net acquired property decreased from \$161 million to \$142 million. Thus, adversely classified loans and loan related assets totaled \$2.4 billion on December 31, 1986, and \$2.5 billion on December 31, 1985.

Provisions for loan losses dropped dramatically, from \$722 million in 1985 to \$355 million in 1986. The allowance for losses account increased slightly, from \$666 million at the end of 1985 to \$688 million at the end of 1986.

The PCAs had net operating losses of \$275 million in 1986, less than half their \$600 million in losses in 1985.

Total capital in the PCAs declined from \$2.8 billion on December 31, 1985 to \$2.2 billion on December 31, 1986. Surplus also declined, from \$1.3 billion at the end of 1985 to \$1.1 billion at the end of 1986. Surplus in the PCAs peaked at \$2 billion in 1983.

Nearly three-fourths of the net worth of the Farm Credit System is in the PCAs where it is tied up in litigation and a reluctance by associations to deplete their surpluses.

Financial Condition of the Banks for Cooperatives

The 13 Banks for Cooperatives had \$7.4 billion in loans outstanding on December 31, 1986, a decline of 10 percent from the \$8.1 billion outstanding a year earlier. Non-accrual loans declined from \$131 million to \$48 million for the period, and other high risk loans declined from \$338 million to \$258 million. The banks were holding \$11.2 million in acquired property at the end of 1985 and \$15.5 million at the end of 1986. Their allowance for losses account increased from \$132 million at the end of 1985 to \$146 million at the end of 1986.

The banks had net earnings of \$589,000 in 1986, compared to \$66 million in 1985. But if they had not provided funds to aid weaker Farm Credit System institutions, their 1986 net earnings would have been \$78 million and 1985 net earnings would have been \$82 million.

At the end of 1986, the Banks for Cooperatives had \$771 million in capital stock and \$303 million in total earned net worth. At the end of 1985, their capital stock stood at \$883 million and earned net worth at \$333 million.

Farm Credit System Funding

The institutions of the Farm Credit System obtain the majority of their loan funds through the sale of securities—bonds and discount notes—to investors in the Nation's capital markets. These securities are the joint and several liability of the 37 Farm Credit Banks and are not guaranteed by the U.S. Government.

The system reduced its overall debt portfolio by \$6.5 billion during 1986 and had \$62.1 billion in securities outstanding at the end of the year. The funding operation reflected the decline in loan volume of system institutions, but was also characterized by a distinct shift in the overall maturity pattern of the portfolio, particularly that portion subscribed to by the Federal Land Banks.

System bond activity included \$31.3 billion maturing, with new issues totaling \$21.5 billion, yielding a \$9.8 billion paydown in the bond portfolio. The system retired \$11.3 billion in long term bonds, but only \$4.3 billion in new bonds or re-openings were issued because of the investor uncertainty of the financial prospects of the system that permeated the markets.

Discount note activity, however, remained active. Notes outstanding grew from \$5.2 billion in December 1984, to \$10.8 billion in December 1985, to a record \$14 billion in late 1986.

Lower rates, narrower spreads over U.S. Treasury issues, and the shortening of the maturity pattern through the use of discount notes contributed to a reduction in the system average cost of funds. It fell to 9.2 percent by early December 1986 from 10.6 percent at the beginning of the year. The average rate paid on a new six-month issue, for example, was 6.7 percent during the year, but in the final quarter it was closer to 5.75 percent. These were the lowest costs in nearly a decade. In 1985, the system paid an average of 8.3 percent. The system is still plagued by rates as high as 15.65 percent on some of its outstanding bonds and issues that will not mature until the year 2007.

The Federal Land Banks were able to lower their average cost of funds from 11.3 percent in January 1986 to 10.2 percent in December. The FLBs retired \$8.9 billion in term bonds during the year, with a weighted average cost of 12.75 percent, and doubled their outstanding issues of discount notes from \$2.2 billion to \$4.4 billion. But the FLBs still have the cyclical problems during periods of falling market rates of their average cost of debt being significantly higher than their marginal cost.

Because the Federal Intermediate Credit Banks and Banks for Cooperatives have a higher proportion of short term securities in their portfolios than the FLBs, they were able to realize greater reductions in average costs. Their average debt costs at the end of 1986 were 7.4 percent and 7.5 percent respectively, both down from 9.2 percent at the beginning of the year.

Young, Beginning, and Small Farmers

The law requires that under policies adopted by the district Farm Credit Boards, each Federal Land Bank Association and each Production Credit Association shall prepare a program for furnishing sound and constructive credit and related services to young, beginning, and small farmers and ranchers.

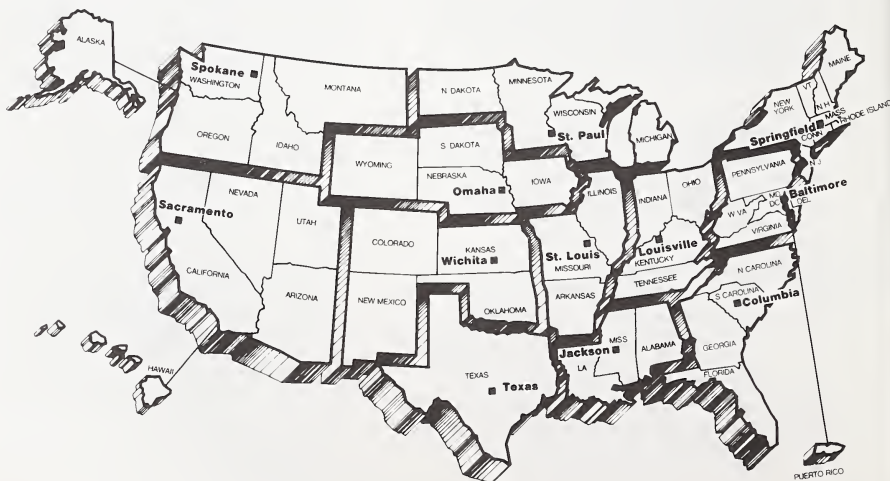
System bank and association programs for young, beginning, and small farmers during 1986 were largely unchanged from those previously reported. Activities under these programs decreased in comparison to previous years and relative to overall lending activity. These developments reflect an economic environment that resulted in substantially lower lending activity and not in paydowns of existing accounts. Economic incentives over the past several years have been more inclined toward existing producers rather than those entering the business, especially entrants with limited experience and/or financial resources.

The Federal Land Banks made only about one-half as many loans in 1986 as they did in 1985 and about one-third as many as in 1984. The proportion of loans to borrowers under the age of 35 dropped to about 16 percent, compared with 18 percent reported in 1985 and 20 percent reported in 1984. The proportion of loan closings associated with borrowers having a net worth of less than \$100,000 increased to 23 percent in 1986, up from 15 percent in 1985 and 17 percent in 1984. Of those with a small net worth, 34 percent were classified young in 1986, compared to nearly 50 percent for the two previous years.

A sampling of all Production Credit Association loan accounts in 1986 showed that 16.6 percent were associated with young borrowers, compared with 20.5 percent during the previous two years. In 1986, 10 percent of PCA borrowers reported they had less than five years farming experience and 23 percent had less than 10 years. About one-third of the 1986 borrowers had a net worth of less than \$100,000. More than one-third of these small farmers were young, and they accounted for nearly three-quarters of all young PCA borrowers during 1986.

The selected borrower characteristics for loans made during 1986 and loans outstanding on December 31, 1986, in Tables 47, 48, and 49, summarize the results of these programs.

Farm Credit System Districts



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Table 1

Farm Credit System Combined Statement of Condition

(Dollars in Thousands)

| As of December 31 | 1986 | 1985 |
|--|---------------------|---------------------|
| Assets | | |
| Loans, Less Allowance for Loan Losses of \$3,635,340 and \$3,189,628 in 1986 and 1985, Respectively | \$54,614,267 | \$66,615,098 |
| Cash and Investment Securities (Market values \$11,471,471 and \$8,376,234 in 1986 and 1985, Respectively) | 11,413,009 | 8,328,970 |
| Total Earning Assets | 66,027,276 | 74,944,068 |
| Accrued Interest Receivable on Loans | 2,200,978 | 3,070,277 |
| Other Property Owned | 1,101,465 | 927,830 |
| Premises and Equipment, Less Accumulated Depreciation | 494,284 | 567,329 |
| Other Assets and Deferred Charges | 276,550 | 323,001 |
| Total Assets | \$70,100,553 | \$79,832,505 |
| Liabilities and Capital | | |
| Consolidated Systemwide Bonds | \$45,008,168 | \$54,117,218 |
| Consolidated Bank and Other Bonds | 3,726,097 | 4,146,783 |
| Consolidated Systemwide Notes | 13,743,922 | 10,587,016 |
| Notes Payable and Other Interest-Bearing Liabilities | 197,683 | 334,211 |
| Accrued Interest Payable | 1,434,394 | 1,936,037 |
| Other Liabilities | 349,299 | 341,449 |
| Total Liabilities | 64,459,563 | 71,462,714 |
| Contingent Liabilities | | |
| Capital Stock and Participation Certificates | 4,188,060 | 4,969,154 |
| Surplus | 1,452,930 | 3,400,637 |
| Total Capital | 5,640,990 | 8,369,791 |
| Total Liabilities and Capital | \$70,100,553 | \$79,832,505 |

Table 2

Farm Credit System Combined Statement of Operations

(Dollars in Thousands)

| For the Year Ended December 31 | 1986 | 1985 |
|---|----------------------|----------------------|
| Interest Income | | |
| Loans | \$ 6,638,177 | \$ 8,581,024 |
| Investment Securities | 531,186 | 392,599 |
| Total Interest Income | 7,169,363 | 8,973,623 |
| Interest Expense | | |
| Consolidated Systemwide Bonds | 5,312,702 | 6,705,418 |
| Consolidated Bank and Other Bonds | 280,671 | 388,865 |
| Consolidated Systemwide Notes | 769,971 | 540,961 |
| Notes Payable and Other Interest-Bearing Liabilities | 25,396 | 43,819 |
| Total Interest Expense | 6,388,740 | 7,679,063 |
| Net Interest Income | 780,623 | 1,294,560 |
| Provision for Loan Losses | 1,797,740 | 2,968,756 |
| Net Interest Income (Loss) After Provision For Loan Losses | (1,017,117) | (1,674,196) |
| Other Income | 129,390 | 152,477 |
| Other Expenses | | |
| Salaries and Employee Benefits | 497,063 | 534,386 |
| Occupancy and Equipment Expense | 88,722 | 86,530 |
| Losses on Other Property Owned | 232,909 | 284,600 |
| Miscellaneous | 206,380 | 261,552 |
| Total Other Expenses | 1,025,074 | 1,167,068 |
| Net Income (Loss) | \$(1,912,801) | \$(2,688,787) |

Table 3
Farm Credit System Five-Year Summary of Selected Combined Financial Data

(Dollars in Millions)

| As of December 31 | 1986 | 1985 | 1984 | 1983 | 1982 |
|---|-------------|-------------|-------------|-------------|-------------|
| Combined Statement of Condition Data | | | | | |
| Loans | \$58,249 | \$69,805 | \$79,803 | \$81,878 | \$81,383 |
| Allowance for Loan Losses | 3,635 | 3,190 | 1,326 | 1,418 | 1,439 |
| Cash and Investment Securities | 11,413 | 8,329 | 3,553 | 2,667 | 3,253 |
| Accrued Interest Receivable on Loans | 2,201 | 3,070 | 3,684 | 3,736 | 4,132 |
| Consolidated Systemwide Bonds | 45,008 | 54,117 | 62,071 | 62,850 | 63,175 |
| Consolidated Bank and Other Bonds | 3,726 | 4,147 | 5,231 | 5,182 | 7,972 |
| Consolidated Systemwide Notes | 13,744 | 10,587 | 4,890 | 4,783 | 1,856 |
| Total Capital | 5,641 | 8,370 | 11,837 | 11,753 | 11,441 |
| Total Risk Funds (Total Capital Plus Allowance For Loan Losses) | \$ 9,276 | \$11,560 | \$13,163 | \$13,171 | \$12,880 |
| For the Year Ended December 31 | 1986 | 1985 | 1984 | 1983 | 1982 |
| Combined Statement of Operations Data | | | | | |
| Net Interest Income | \$ 781 | \$ 1,295 | \$ 1,453 | \$ 1,421 | \$ 1,743 |
| Provision for Loan Losses | 1,798 | 2,969 | 335 | 228 | 202 |
| Other Expenses (Income), Net | 896 | 1,015 | 745 | 646 | 391 |
| Net Income (Loss) | \$(1,913) | \$(2,689) | \$ 373 | \$ 547 | \$ 1,150 |

Table 4
Farm Credit System Summary of Financial Condition

(Dollars in Millions)

| As of December 31, 1986 | 13 BCs | 12 FICBs | 12 FLBs | FLBAs | PCAs |
|--|-----------|------------|------------|------------|------------|
| Loans—Total Principal | \$7,417.7 | \$10,764.6 | \$40,099.9 | N/A | \$11,078.6 |
| Performing | 7,111.5 | 4,676.0 | 29,640.0 | N/A | 8,807.1 |
| Restructured | 71.0 | 930.6 | 67.7 | N/A | 88.6 |
| Other Restructured and Reduced Rate | 15.8 | 0.1 | 5.5 | N/A | 9.4 |
| Other High Risk: | 171.4 | 4,985.6 | 4,532.4 | N/A | 1,155.3 |
| Nonaccrual | 48.0 | 172.3 | 5,853.4 | N/A(1) | 1,018.2 |
| Less: Allowance for Losses | 145.5 | 81.3 | 2,628.1 | N/A | 688.1 |
| Net Loans | 7,272.2 | 10,683.3 | 37,471.8 | N/A | 10,390.5 |
| Cash and Investments in Securities | 2,290.0 | 3,523.4 | 5,390.2 | \$ 202.1 | 52.9 |
| Net Acquired Property | 15.5 | 35.2 | 909.2 | N/A | 142.7 |
| Other Assets Net of Adjustments | 233.6 | 329.6 | 1,575.5 | 2,189.8(2) | 2,320.0(2) |
| Total Assets | 9,811.3 | 14,571.5 | 45,346.7 | 2,391.9 | 12,906.1 |
| Total Liabilities | 8,736.9 | 12,748.0 | 43,353.8 | 253.2(1) | 10,648.8 |
| Capital Stock and Participation Certificates | 771.3 | 1,410.8 | 2,251.0 | 2,223.2 | 1,150.9 |
| Earned Net Worth | 303.1 | 412.7 | (258.1) | (84.5) | 1,106.4 |
| Total Net Worth | \$1,074.4 | \$ 1,823.5 | \$ 1,992.9 | \$2,138.7 | \$ 2,257.3 |

(1) FLBAs in 5 districts have liability for losses on FLB loans. Collectively, these FLBAs have an allowance for loan losses of \$75.7 million. Because FLBAs do not make loans, the FLBA allowance for losses is included in FLBA liabilities.

(2) For the PCAs, other assets includes \$1,666.1 million representing equity in FICBs. For FLBAs other assets includes \$1,993.7 million representing equity in FLBs.

N/A Not applicable.

Components may not add to exact totals due to rounding.

Table 5
Farm Credit System Summary of Income and Expenses

(Dollars in Millions)

| For the Year Ended December 31, 1986 | 13 BCs | 12 FICBs | 12 FLBs | FLBAs(1) | PCAs |
|--|---------|-----------|-------------|-----------|------------|
| Total Interest Income | \$864.8 | \$1,320.2 | \$ 4,820.0 | \$ 26.2 | \$1,350.7 |
| Less: Total Interest Expense | 725.1 | 1,038.3 | 4,686.4 | * | 1,157.3 |
| Net Interest Income | 139.7 | 281.9 | 133.6 | 26.2 | 193.4 |
| Less: Provision for Loan Losses | 13.5 | (15.6) | 1,459.8 | 15.8 | 355.1 |
| Net Interest Income (Loss) after Provision for Loan Losses | 126.2 | 297.5 | (1,326.2) | 10.4 | (161.7) |
| Plus: Other Income | 15.3 | 5.0 | 551.0 | 201.0 | 232.7 |
| Less: Other Expenses | 140.9 | 290.4 | 644.1 | 604.1 | 346.5 |
| Net Income (Loss) | \$ 0.6 | \$ 12.1 | \$(1,419.3) | \$(392.8) | \$ (275.5) |

(1) Prior to the 3/31/86 quarter, FLBAs reported to FCA on a semiannual basis rather than a quarterly basis.

* Less than \$50,000.

Components may not add to exact totals due to rounding.

Table 6
Farm Credit System Summary of Selected Financial Measures

(Dollars in Millions)

| For the Year Ended December 31, 1986 | 13 BCs | 12 FICBs | 12 FLBs | FLBAs(1) | PCAs |
|--------------------------------------|----------|----------|----------|----------|----------|
| Return on Assets | 0.01% | 0.08% | (2.94%) | (13.64%) | (1.86%) |
| Return on Equity | 0.05% | 0.66% | (48.37%) | (14.93%) | (10.83%) |
| Net Interest Margin | 1.40% | 1.94% | 0.31% | N/A | 1.63% |
| Net Chargeoffs on Loans | \$(1.80) | \$31.70 | \$937.60 | N/A | \$305.80 |
| As of December 31, 1986 | | | | | |
| Capital as a % of Assets | 10.95% | 12.51% | 4.50% | 89.41% | 17.49% |
| Debt-to-Capital Ratio (1) | 8.13 | 6.99 | 21.75 | 0.12 | 4.72 |

(1) Prior to the 3/31/86 quarter, FLBAs reported to FCA on a semiannual basis rather than a quarterly basis.

N/A Not applicable.

Table 7
Federal Land Banks Combined Trends in Financial Condition

(Dollars in Millions)

| As of | 12/31/85 | 3/31/86 | 6/30/86 | 9/30/86 | 12/31/86 |
|--|------------|------------|------------|------------|------------|
| Loans—Total Principal | \$47,765.6 | \$46,373.7 | \$44,127.4 | \$42,273.3 | \$40,099.9 |
| Performing | 40,373.7 | 38,121.3 | 34,744.2 | 32,257.5 | 29,640.9 |
| Restructured | 14.9 | 16.4 | 51.2 | 49.3 | 67.7 |
| Other Restructured and Reduced Rate | 16.8 | 14.9 | 8.6 | 7.5 | 5.5 |
| Other High Risk | 3,331.0 | 3,412.2 | 2,684.6 | 3,302.9 | 4,532.4 |
| Nonaccrual | 4,029.2 | 4,808.9 | 6,638.8 | 6,656.1 | 5,853.4 |
| Less: Allowance for Losses | 2,117.6 | 2,118.8 | 2,436.8 | 2,590.6 | 2,628.1 |
| Net Loans | 45,648.0 | 44,254.9 | 41,690.5 | 39,682.7 | 37,471.8 |
| Cash and Investments in Securities | 3,784.5 | 3,700.0 | 3,612.1 | 4,058.0 | 5,390.2 |
| Net Acquired Property | 721.9 | 782.7 | 835.0 | 894.5 | 909.2 |
| Other Assets Net of Adjustments | 1,891.4 | 1,231.1 | 1,494.0 | 1,811.1 | 1,575.5 |
| Total Assets | 52,045.8 | 49,968.7 | 47,631.6 | 46,446.3 | 45,346.7 |
| Total Liabilities | 48,292.1 | 46,461.0 | 44,672.3 | 43,987.3 | 43,353.8 |
| Capital Stock and Participation Certificates | 2,592.3 | 2,522.3 | 2,422.4 | 2,334.8 | 2,251.0 |
| Earned Net Worth | 1,161.4 | 985.4 | 536.9 | 124.2 | (258.1) |
| Total Net Worth | \$ 3,753.7 | \$ 3,507.7 | \$ 2,959.3 | \$ 2,459.0 | \$ 1,992.9 |

Components may not add to exact totals due to rounding.

Table 8
Federal Land Banks Combined Trends in Income and Expenses

(Dollars in Millions)

| For the | Year Ended | | Quarter Ended(1) | | | |
|--|--------------|--------------|------------------|------------|------------|------------|
| | 12/31/85 | 12/31/86 | 3/31/86 | 6/30/86 | 9/30/86 | 12/31/86 |
| Total Interest Income | \$ 5,897.2 | \$ 4,820.0 | \$ 1,364.7 | \$ 1,224.1 | \$ 1,110.2 | \$ 1,121.1 |
| Less: Total Interest Expense | 5,477.7 | 4,686.5 | 1,267.8 | 1,205.5 | 1,131.5 | 1,081.7 |
| Net Interest Income (Loss) | 419.5 | 133.5 | 96.9 | 18.6 | (21.3) | 39.4 |
| Less: Provision for Loan Losses | 2,013.6 | 1,459.8 | 172.6 | 598.2 | 369.2 | 319.8 |
| Net Interest Income (Loss) after Provision for Loan Losses | (1,594.1) | (1,326.3) | (75.7) | (579.6) | (390.5) | (280.4) |
| Plus: Other Income | 79.4 | 551.0 | 8.7 | 273.4 | 104.1 | 166.3 |
| Less: Other Expenses | 501.6 | 644.0 | 108.7 | 142.3 | 126.3 | 268.2 |
| Net Income (Loss) | \$ (2,016.3) | \$ (1,419.3) | \$ (175.7) | \$ (448.5) | \$ (412.7) | \$ (382.3) |

(1) Quarterly data may not add to yearly data due to other income and expense items. Components may not add to exact totals due to rounding.

Table 9
Federal Land Banks Combined Trends in Selected Financial Measures

(Dollars in Millions)

| For the | Year Ended | | Quarter Ended | | | |
|----------------------------|------------|----------|---------------|----------|----------|----------|
| | 12/31/85 | 12/31/86 | 3/31/86 | 6/30/86 | 9/30/86 | 12/31/86 |
| Return on Assets | (3.85%) | (2.94%) | (1.38%) | (3.68%) | (3.35%) | (3.33%) |
| Return on Equity | (38.16%) | (48.37%) | (19.36%) | (55.49%) | (57.92%) | (68.70%) |
| Net Interest Margin | 0.84% | 0.31% | 0.84% | 0.17% | (0.21%) | 0.40% |
| Net Chargeoffs on Loans | \$460.3 | \$937.6 | \$178.0 | \$341.5 | \$127.7 | \$290.4 |
| As of | 12/31/85 | 12/31/86 | 3/31/86 | 6/30/86 | 9/30/86 | 12/31/86 |
| Capital as a % of Assets | 7.10% | 4.39% | 7.02% | 6.21% | 5.34% | 4.50% |
| Debt-to-Capital Ratio (-1) | 13.08 | 21.75 | 13.25 | 15.09 | 15.09 | 21.75 |

Table 10
Federal Land Banks Associations Combined Trends in Financial Condition⁽¹⁾

(Dollars in Millions)

| As of | 12/31/85 | 3/31/86 | 6/30/86 | 9/30/86 | 12/31/86 |
|--|-----------|-----------|-----------|-----------|-----------|
| Loans—Total Principal (3) | — | — | — | — | — |
| Performing | — | — | — | — | — |
| Restructured | — | — | — | — | — |
| Other Restructured and Reduced Rate | — | — | — | — | — |
| Other High Risk | — | — | — | — | — |
| Nonaccrual | — | — | — | — | — |
| Less: Allowance for Losses | — | — | — | — | — |
| Net Loans | — | — | — | — | — |
| Cash and Investments in Securities | \$ 437.2 | \$ 397.2 | \$ 312.0 | \$ 277.7 | \$ 202.1 |
| Net Acquired Property | N/A | N/A | N/A | N/A | N/A |
| Other Assets Net of Adjustments | 2,787.8 | 2,729.3 | 2,572.2 | 2,493.5 | 2,189.8 |
| Total Assets | 3,225.0 | 3,126.5 | 2,884.2 | 2,771.2 | 2,391.9 |
| Total Liabilities (2) | 271.0 | 288.6 | 201.8 | 260.5 | 253.2 |
| Capital Stock and Participation Certificates | 2,592.4 | 2,520.7 | 2,406.3 | 2,335.0 | 2,223.2 |
| Earned Net Worth | 361.6 | 317.2 | 276.1 | 175.7 | (84.5) |
| Total Net Worth | \$2,954.0 | \$2,837.9 | \$2,682.4 | \$2,510.7 | \$2,138.7 |

(1) Prior to the 3/31/86 quarter, FLBAs reported to FCA on a semiannual rather than a quarterly basis.

(2) FLBAs in some districts have liability for losses on FLB loans. Because FLBAs do not make loans, the FLBA allowance for loan losses is included in FLBA liabilities.

(3) The FLBAs act as agents for the FLBs in the lending process, but do not hold loans themselves.

N/A Not applicable. Components may not add to exact totals due to rounding.

Table 11
Federal Land Bank Associations Combined Trends in Income and Expenses ⁽¹⁾

(Dollars in Millions)

| For the | Year Ended | | Quarter Ended | | | |
|--|------------|-----------|---------------|----------|-----------|-----------|
| | 12/31/85 | 12/31/86 | 3/31/86 | 6/30/86 | 9/30/86 | 12/31/86 |
| Total Interest Income | \$ 51.9 | \$ 26.2 | \$ 9.5 | \$ 7.6 | \$ 5.7 | \$ 3.4 |
| Less: Total Interest Expense | N/A | N/A | N/A | N/A | N/A | N/A |
| Net Interest Income | 51.9 | 26.2 | 9.5 | 7.6 | 5.7 | 3.4 |
| Less: Provision for Loan Losses | 48.9 | 15.8 | 1.8 | 1.9 | 11.2 | 0.9 |
| Net Interest Income (Loss) after Provision for Loan Losses | 3.0 | 10.4 | 7.7 | 5.7 | (5.5) | 2.5 |
| Plus: Other Income | 193.4 | 201.0 | 44.3 | 54.2 | 44.5 | 58.0 |
| Less: Other Expenses | 356.4 | 604.2 | 46.1 | 98.2 | 142.7 | 317.2 |
| Net Income (Loss) | \$(160.0) | \$(392.8) | \$ 5.9 | \$(38.3) | \$(103.7) | \$(256.7) |

(1) Prior to the 3/31/86 quarter, FLBAs reported to FCA on a semiannual rather than a quarterly basis.

N/A Not applicable.

Components may not add to exact totals due to rounding.

Table 12
Federal Land Bank Associations Combined Trends in Selected Financial Measures ⁽¹⁾

(Dollars in Millions)

| For the | Year Ended | | Quarter Ended | | | |
|---------------------------|------------|----------|---------------|---------|----------|----------|
| | 12/31/85 | 12/31/86 | 3/31/86 | 6/30/86 | 9/30/86 | 12/31/86 |
| Return on Assets | (13.64%) | (3.85%) | 0.75% | (5.09%) | (14.66%) | (39.78%) |
| Return on Equity | (14.93%) | (4.10%) | 0.82% | (5.55%) | (15.97%) | (44.17%) |
| Net Interest Margin | N/A | N/A | N/A | N/A | N/A | N/A |
| Net Chargeoffs on Loans | N/A | \$50.28 | \$5.29 | \$69.10 | N/A | N/A |
| As of | 12/31/85 | 12/31/86 | 3/31/86 | 6/30/86 | 9/30/86 | 12/31/86 |
| Capital as a % of Assets | 89.41% | 92.45% | 90.78% | 93.00% | 90.60% | 89.41% |
| Debt-to-Capital Ratio (1) | 0.12 | 0.05 | 0.10 | 0.07 | 0.10 | 0.12 |

(1) Prior to the 3/31/86 quarter, FLBAs reported to FCA on a semiannual basis rather than a quarterly basis. Therefore, ratios for 12/31/85 are at and for the six months ended.

N/A Not applicable.

Table 13
Federal Intermediate Credit Banks Combined Trends in Financial Condition

(Dollars in Millions)

| As of | 12/31/85 | 3/31/86 | 6/30/86 | 9/30/86 | 12/31/86 |
|--|------------|------------|------------|------------|------------|
| Loans — Total Principal | \$13,898.2 | \$12,726.7 | \$12,563.2 | \$12,140.1 | \$10,764.6 |
| Performing | 8,834.8 | 7,638.2 | 5,522.4 | 4,913.3 | 4,676.0 |
| Restructured | 1,009.6 | 850.6 | 923.6 | 857.6 | 930.6 |
| Other Restructured and Reduced Rate | 62.6 | 0.0 | 0.0 | 0.0 | 0.1 |
| Other High Risk | 3,798.1 | 4,041.0 | 5,894.2 | 6,191.3 | 4,985.6 |
| Nonaccrual | 193.1 | 196.9 | 223.0 | 177.9 | 172.3 |
| Less: Allowance for Losses | 144.9 | 143.9 | 85.1 | 84.6 | 81.3 |
| Net Loans | 13,753.3 | 12,582.8 | 12,478.1 | 12,055.5 | 10,683.3 |
| Cash and Investments in Securities | 2,182.8 | 1,659.4 | 1,645.9 | 2,849.9 | 3,523.4 |
| Net Acquired Property | 22.6 | 20.8 | 26.0 | 23.0 | 35.2 |
| Other Assets Net of Adjustments | 490.4 | 454.7 | 410.1 | 378.2 | 329.6 |
| Total Assets | 16,449.1 | 14,717.7 | 14,560.1 | 15,306.6 | 14,571.5 |
| Total Liabilities | 14,582.1 | 12,828.8 | 12,764.1 | 13,485.9 | 12,748.0 |
| Capital Stock and Participation Certificates | 1,402.5 | 1,398.7 | 1,408.1 | 1,410.8 | 1,373.6 |
| Earned Net Worth | 464.5 | 490.2 | 387.9 | 409.9 | 449.9 |
| Total Net Worth | \$ 1,867.0 | \$ 1,888.9 | \$ 1,796.0 | \$ 1,820.7 | \$ 1,823.5 |

Components may not add to exact totals due to rounding.

Table 14
Federal Intermediate Credit Banks Trends in Income and Expenses

(Dollars in Millions)

| For the | Year Ended | | Quarter Ended | | | |
|---|------------|-----------|---------------|-----------|---------|----------|
| | 12/31/85 | 12/31/86 | 3/31/86 | 6/30/86 | 9/30/86 | 12/31/86 |
| Total Interest Income | \$1,798.1 | \$1,320.2 | \$356.3 | \$337.5 | \$327.1 | \$299.2 |
| Less: Total Interest Expense | 1,509.4 | 1,038.3 | 290.2 | 264.5 | 251.0 | 232.7 |
| Net Interest Income | 288.7 | 281.9 | 66.1 | 73.0 | 76.1 | 66.5 |
| Less: Provision for Loan Losses | 160.3 | (15.6) | 13.2 | (34.2) | 3.6 | 1.8 |
| Net Interest Income after Provision for Loan Losses | 128.4 | 297.5 | 52.9 | 107.2 | 72.5 | 64.7 |
| Plus: Other Income (Loss) | (13.0) | 5.0 | 1.0 | 1.3 | 0.5 | 35.4 |
| Less: Other Expenses | 204.7 | 290.4 | 26.5 | 198.6 | 47.2 | 51.2 |
| Net Income (Loss) | \$ (89.3) | \$ 12.1 | \$ 27.4 | \$ (90.1) | \$ 25.9 | \$ 48.9 |

Components may not add to exact totals due to rounding.

Table 15
Federal Intermediate Credit Banks Combined Trends in Selected Financial Measures

(Dollars in Millions)

| For the | Year Ended | | Quarter Ended | | | |
|----------------------------|------------|----------|---------------|-----------|---------|----------|
| | 12/31/85 | 12/31/86 | 3/31/86 | 6/30/86 | 9/30/86 | 12/31/86 |
| Return on Assets | (0.50 %) | 0.08 % | 0.70 % | (2.46 %) | 0.69 % | 1.30 % |
| Return on Equity | (4.51 %) | 0.66 % | 5.83 % | (19.56 %) | 5.72 % | 10.62 % |
| Net Interest Margin | 1.68 % | 1.94 % | 1.77 % | 2.08 % | 2.14 % | 1.89 % |
| Net Chargeoffs on Loans | \$38.6 | \$31.7 | \$14.3 | \$7.1 | \$4.1 | \$6.2 |
| As of | 12/31/85 | 12/31/86 | 3/31/86 | 6/30/86 | 9/30/86 | 12/31/86 |
| Capital as a % of Assets | 11.35 % | 12.51 % | 12.83 % | 12.20 % | 11.90 % | 12.51 % |
| Debt-to-Capital Ratio (:1) | 7.81 | 6.99 | 6.79 | 7.11 | 7.41 | 6.99 |

Table 16
Production Credit Associations Combined Trends in Financial Condition

(Dollars in Millions)

| As of | 12/31/85 | 3/31/86 | 6/30/86 | 9/30/86 | 12/31/86 |
|--|------------|------------|------------|------------|------------|
| Loans— Total Principal | \$14,367.9 | \$13,446.3 | \$13,018.5 | \$12,441.7 | \$11,078.6 |
| Performing | 12,124.5 | 11,159.7 | 10,637.1 | 10,125.9 | 8,798.3 |
| Restructured | 32.6 | 43.6 | 90.0 | 98.1 | 224.3 |
| Other Restructured and Reduced Rate | 20.1 | 9.0 | 9.4 | 7.5 | 12.0 |
| Other High Risk | 1,299.2 | 1,415.4 | 1,155.8 | 1,098.8 | 1,025.8 |
| Nonaccrual | 891.5 | 818.6 | 1,126.2 | 1,111.4 | 1,018.2 |
| Less: Allowance for Losses | 666.6 | 691.3 | 706.9 | 722.2 | 688.1 |
| Net Loans | 13,701.3 | 12,755.0 | 12,311.6 | 11,719.5 | 10,390.5 |
| Cash and Investments in Securities | 28.0 | 4.3 | 23.6 | 29.4 | 53.0 |
| Net Acquired Property | 162.4 | 163.2 | 140.0 | 147.4 | 142.7 |
| Other Assets Net of Adjustments | 2,483.0 | 2,508.7 | 2,391.3 | 2,442.1 | 2,320.0 |
| Total Assets | 16,374.7 | 15,431.2 | 14,866.5 | 14,388.4 | 12,906.2 |
| Total Liabilities | 13,476.1 | 12,698.6 | 12,389.0 | 11,988.9 | 10,648.8 |
| Capital Stock and Participation Certificates | 1,515.0 | 1,392.2 | 1,304.2 | 1,248.6 | 1,150.9 |
| Earned Net Worth | 1,383.6 | 1,340.4 | 1,173.3 | 1,100.9 | 1,106.5 |
| Total Net Worth | \$ 2,898.6 | \$ 2,732.6 | \$ 2,477.5 | \$ 2,349.5 | \$ 2,257.4 |

Components may not add to exact totals due to rounding.

Table 17
Production Credit Associations Combined Trends in Income and Expenses

(Dollars in Millions)

| For the | Year Ended | | Quarter Ended | | | |
|--|------------|------------|---------------|------------|-----------|----------|
| | 12/31/85 | 12/31/86 | 3/31/86 | 6/30/86 | 9/30/86 | 12/31/86 |
| Total Interest Income | \$1,902.3 | \$1,350.7 | \$375.7 | \$348.3 | \$329.8 | \$296.8 |
| Less: Total Interest Expense | 1,592.6 | 1,157.3 | 318.5 | 299.3 | 286.2 | 253.3 |
| Net Interest Income | 309.7 | 193.4 | 57.3 | 49.0 | 43.6 | 43.5 |
| Less: Provision for Loan Losses | 722.7 | 355.1 | 74.9 | 153.0 | 81.9 | 45.3 |
| Net Interest Income (Loss) after Provision for Loan Losses | (413.0) | (161.7) | (17.6) | (104.0) | (38.3) | (1.8) |
| Plus: Other Income | 247.7 | 232.7 | 24.8 | 78.2 | 47.5 | 86.0 |
| Less: Other Expenses | 434.5 | 346.5 | 79.8 | 110.5 | 80.5 | 79.3 |
| Net Income (Loss) | \$ (599.8) | \$ (275.5) | \$ (72.7) | \$ (136.3) | \$ (71.3) | \$ 4.8 |

Components may not add to exact totals due to rounding.

Table 18
Production Credit Associations Combined Trends in Selected Financial Measures

(Dollars in Millions)

| For the | Year Ended | | Quarter Ended | | | |
|---------------------------|------------|----------|---------------|----------|----------|----------|
| | 12/31/85 | 12/31/86 | 3/31/86 | 6/30/86 | 9/30/86 | 12/31/86 |
| Return on Assets(1.86%) | (10.27%) | (1.83%) | (3.60%) | (1.95%) | 0.14% | |
| Return on Equity | (10.83%) | (56.57%) | (10.33%) | (20.94%) | (11.81%) | 0.84% |
| Net Interest Margin | 1.63% | 1.67% | 1.75% | 1.60% | 1.50% | 1.63% |
| Net Chargeoffs on Loans | \$305.80 | \$137.20 | \$90.60 | \$90.80 | \$57.00 | \$67.40 |
| As of | 12/31/85 | 12/31/86 | 3/31/86 | 6/30/86 | 9/30/86 | 12/31/86 |
| Capital as a % of Assets | 17.49% | 17.70% | 17.70% | 16.66% | 16.39% | 17.49% |
| Debt-to-Capital Ratio (1) | 4.72 | 4.65 | 4.65 | 5.00 | 5.10 | 4.72 |

Table 19
Banks for Cooperatives Combined Trends in Financial Condition

(Dollars in Millions)

| As of | 12/31/85 | 3/31/86 | 6/30/86 | 9/30/86 | 12/31/86 |
|--|------------|------------|------------|------------|------------|
| Loans—Total Principal | \$ 8,149.4 | \$ 8,828.9 | \$ 8,084.5 | \$ 7,504.4 | \$ 7,417.7 |
| Performing | 7,680.0 | 8,412.4 | 7,696.7 | 7,162.5 | 7,111.5 |
| Restructured | 65.4 | 61.5 | 65.0 | 76.9 | 71.0 |
| Other Restructured and Reduced Rate | 0.9 | 1.5 | 0.9 | 0.9 | 15.8 |
| Other High Risk | 272.0 | 256.1 | 254.9 | 203.8 | 171.4 |
| Nonaccrual | 131.1 | 97.4 | 67.0 | 60.3 | 48.0 |
| Less: Allowance for Losses | 131.9 | 131.3 | 137.4 | 138.6 | 145.5 |
| Net Loans | 8,017.5 | 8,697.6 | 7,947.1 | 7,365.8 | 7,272.2 |
| Cash and Investments in Securities | 2,325.3 | 1,798.9 | 1,784.1 | 2,183.2 | 2,290.0 |
| Net Acquired Property | 11.2 | 9.4 | 9.2 | 17.5 | 15.5 |
| Other Assets Net of Adjustments | 263.6 | 263.6 | 273.8 | 251.7 | 233.6 |
| Total Assets | 10,617.6 | 10,769.4 | 10,014.2 | 9,818.2 | 9,811.3 |
| Total Liabilities | 9,451.5 | 9,620.3 | 8,913.1 | 8,715.6 | 8,736.9 |
| Capital Stock and Participation Certificates | 833.3 | 826.1 | 805.3 | 788.6 | 771.3 |
| Earned Net Worth | 332.8 | 323.0 | 295.8 | 314.0 | 303.1 |
| Total Net Worth | \$ 1,166.1 | \$ 1,149.1 | \$ 1,101.1 | \$ 1,102.6 | \$ 1,074.4 |

Components may not add to exact totals due to rounding.

Table 20
Banks for Cooperatives Combined Trends in Income and Expenses

(Dollars in Millions)

| For the | Year Ended | | Quarter Ended | | | |
|---|------------|----------|---------------|-----------|---------|----------|
| | 12/31/85 | 12/31/86 | 3/31/86 | 6/30/86 | 9/30/86 | 12/31/86 |
| Total Interest Income | \$993.0 | \$864.8 | \$241.5 | \$228.3 | \$201.2 | \$193.8 |
| Less: Total Interest Expense | 825.5 | 725.1 | 202.6 | 191.0 | 167.7 | 163.8 |
| Net Interest Income | 167.5 | 139.7 | 38.9 | 37.3 | 33.5 | 30.0 |
| Less: Provision for Loan Losses | 24.5 | 13.5 | 2.4 | 4.2 | 2.2 | 4.7 |
| Net Interest Income after Provision for Loan Losses | 143.0 | 126.2 | 36.5 | 33.1 | 31.3 | 25.3 |
| Plus: Other Income | 6.6 | 15.3 | 2.6 | 4.9 | 2.1 | 5.7 |
| Less: Other Expenses | 83.3 | 140.9 | 15.7 | 92.5 | 15.2 | 17.5 |
| Net Income (Loss) | \$ 66.3 | \$ 0.6 | \$ 23.4 | \$ (54.5) | \$ 18.2 | \$ 13.5 |

Components may not add to exact totals due to rounding.

Table 21
Banks for Cooperatives Combined Trends in Selected Financial Measures

(Dollars in Millions)

| For the | Year Ended | | Quarter Ended | | | |
|----------------------------|------------|----------|---------------|----------|---------|----------|
| | 12/31/85 | 12/31/86 | 3/31/86 | 6/30/86 | 9/30/86 | 12/31/86 |
| Return on Assets | 0.66% | 0.01% | 0.88% | (2.10%) | 1.34% | 0.55% |
| Return on Equity | 5.53% | 0.05% | 8.10% | (19.39%) | 6.60% | 4.97% |
| Net Interest Margin | 1.69% | 1.40% | 1.49% | 1.47% | 1.38% | 1.25% |
| Net Chargeoffs on Loans | \$13.8 | \$(1.8) | \$1.4 | \$(1.9) | \$0.8 | \$(2.1) |
| As of | 12/31/85 | 12/31/86 | 3/31/86 | 6/30/86 | 9/30/86 | 12/31/86 |
| Capital as a % of Assets | 10.98% | 10.95% | 10.67% | 11.00% | 11.23% | 10.95% |
| Debt-to-Capital Ratio (:1) | 8.11 | 8.13 | 8.37 | 8.10 | 7.90 | 8.13 |

Table 22**Federal Land Banks Combined Statement of Condition**

(Dollars in Thousands)

| As of December 31 | 1986 | 1985 | Percent Change |
|---|---------------------|---------------------|----------------|
| Assets | | | |
| Loans: Unmatured Principal | \$33,942,200 | \$42,849,819 | (20.78) |
| Unmatured Extensions | 5,694 | 19,311 | (70.51) |
| Delinquent Principal and Advances | 138,156 | 551,581 | (74.95) |
| Loans in Process of Closing | 45,836 | 48,055 | (4.61) |
| Nonaccrual Loans | 5,853,405 | 4,029,198 | 45.27 |
| Accrued Interest Receivable on Loans | 1,736,546 | 2,399,295 | (27.62) |
| Gross Loan Items | 41,721,837 | 49,897,259 | (16.38) |
| Less: Allowance for Losses | 2,628,074 | 2,117,558 | 24.10 |
| Less: Deferred Proceeds of Loans | 54,478 | 84,238 | (35.32) |
| Less: Future Payment Funds | 259,477 | 359,513 | (27.82) |
| Less: Advance Payments | 243,052 | 281,540 | (13.67) |
| Less: Unamortized Loan Fees | 15,914 | 19,179 | (17.02) |
| Less: Unapplied Loan Payments | 193,473 | 175,845 | 10.02 |
| Net Loan Items | 38,327,369 | 46,859,386 | (18.20) |
| Cash | 266,704 | 245,180 | 8.77 |
| Investments: U.S. Government Securities (Par) | 88,170 | 176,900 | (50.15) |
| Securities Government Supervised Institutions (Par) | 75,246 | 131,972 | (42.98) |
| Other Securities and Federal Funds | 4,968,577 | 3,239,049 | 53.39 |
| Investment in BC Bankers Acceptances (Par) | 0 | 0 | 0.00 |
| Unamortized Premium or Discount (Net) | (8,882) | (9,199) | (3.44) |
| Unamortized Defer Gain/Loss Security Sales (Net) | 366 | 531 | (31.07) |
| Total Investment in Securities | 5,123,477 | 3,539,253 | 44.76 |
| Investments in Farm Credit Institutions | 2,937 | 0 | 0.00 |
| Notes Receivable Farm Credit Banks and Other | 114,583 | 267,614 | (57.18) |
| Accounts Receivable | 400,655 | 168,161 | 138.25 |
| Accrued Interest Receivable - Other Farm Credit Banks | 3,245 | 2,025 | 60.24 |
| Accrued Interest Receivable - Investments | 21,645 | 17,256 | 25.43 |
| Acquired Property | 1,220,148 | 940,826 | 29.68 |
| Less: Allowance for Losses | 310,899 | 218,881 | 42.04 |
| Less: Accumulated Depreciation | 0 | 0 | 0.00 |
| Net Acquired Property | 909,249 | 721,945 | 25.94 |
| Land, Buildings, and Equipment | 163,207 | 159,496 | 2.32 |
| Less: Accumulated Depreciation | 50,091 | 36,502 | 37.22 |
| Net Land, Buildings, and Equipment | 113,116 | 122,994 | (8.03) |
| Prepaid Expenses and Other Assets | 63,724 | 101,982 | (37.51) |
| Total Assets | \$45,346,704 | \$52,045,796 | (12.87) |
| Liabilities and Net Worth | | | |
| Drafts Outstanding | \$ 11,572 | \$ 5,866 | 97.27 |
| Notes Payable: FLBAs | 180,310 | 419,797 | (57.04) |
| Other Farm Credit Banks | 7,050 | 0 | 0.00 |
| Consolidated Systemwide Notes | 4,297,807 | 2,221,338 | 93.47 |
| Commercial Banks and Other | 1,260,979 | 724,564 | 74.03 |
| Securities Sold Under Agreement to Repurchase | 34,225 | 90,259 | (62.08) |
| Total Notes Payable | 5,780,371 | 3,455,958 | 67.25 |
| Accounts Payable | 13,870 | 159,825 | (91.32) |
| Accrued Interest Payable | 1,134,952 | 1,464,815 | (22.51) |
| Miscellaneous Trust Accounts | 56,474 | 56,646 | (0.30) |
| Unmatured Consolidated and Systemwide Bonds | 36,450,295 | 43,235,339 | (15.69) |
| Less: Consolidated Bonds Owned | 222,000 | 222,000 | 0.00 |
| Less: Unamortized Premiums and Discounts | (2,167) | 0 | 0.00 |
| Net Consolidated and Systemwide Bonds Outstanding | 36,230,462 | 43,013,339 | (15.76) |
| Unmatured Farm Credit Investment Bonds Outstanding | 88,922 | 96,952 | (8.28) |
| Matured Farm Credit Investment Bonds Outstanding | 0 | 0 | 0.00 |
| Other Liabilities | 37,190 | 38,749 | (4.02) |
| Total Liabilities | 43,353,813 | 48,292,150 | (10.22) |
| Capital Stock: Class B - FLBAs | 2,145,609 | 2,451,264 | (12.46) |
| Class C - FLBAs | 10,000 | 0 | 0.00 |
| Participation Certificates - FLBAs | 95,342 | 141,119 | (32.43) |
| Total Capital Stock | 2,250,951 | 2,592,383 | (13.17) |
| Earned Net Worth: Legal Reserve | (8,789) | 936,545 | (100.93) |
| Surplus Reserve | 0 | 42,388 | (100.00) |
| Earned Surplus | (249,270) | 182,335 | (236.70) |
| Total Earned Net Worth | (258,059) | 1,161,268 | (122.22) |
| Total Net Worth | 1,992,892 | 3,753,651 | (46.90) |
| Total Liabilities and Net Worth | \$45,346,705 | \$52,045,801 | (12.87) |

Totals may not add due to rounding.

Table 23
Federal Land Banks Statement of Condition by District

(Dollars in Thousands)

| As of March 31, 1986 | Springfield | Baltimore | Columbia | Louisville | Jackson | St. Louis |
|---|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Assets | | | | | | |
| Loans: Unmatured Principal | \$808,667 | \$1,798,676 | \$3,670,544 | \$2,702,735 | \$1,571,514 | \$3,238,510 |
| Unmatured Extensions | 0 | 0 | 1,035 | 0 | 0 | 633 |
| Delinquent Principal and Advances | 2,382 | 5,574 | 25,261 | 9,524 | 5,684 | 9,492 |
| Loans in Process of Closing | 1,447 | 4,635 | 562 | 3,140 | (177) | 1,907 |
| Nonaccrual Loans | 24,451 | 43,697 | 451,959 | 505,361 | 381,218 | 664,220 |
| Accrued Interest Receivable on Loans | 10,436 | 29,901 | 133,982 | 178,895 | 91,363 | 186,166 |
| Gross Loan Items | 847,383 | 1,882,483 | 4,283,343 | 3,399,655 | 2,049,602 | 4,100,928 |
| Less: Allowance for Losses | 12,394 | 19,864 | 219,654 | 191,654 | 133,652 | 310,052 |
| Less: Deferred Proceeds of Loans | 1,215 | 5,906 | 6,016 | 1,019 | 481 | 5,191 |
| Less: Future Payment Funds | 0 | 0 | 0 | 0 | 0 | 0 |
| Less: Advance Payments | 402 | 13,759 | 31,919 | 38,758 | 7,026 | 40,542 |
| Less: Unamortized Loan Fees | 0 | 0 | 0 | 0 | 5,454 | 0 |
| Less: Unapplied Loan Payments | 932 | (741) | 69,550 | 80,031 | 7,371 | 20,174 |
| Net Loan Items | 832,440 | 1,843,695 | 3,956,204 | 3,088,193 | 1,895,618 | 3,724,969 |
| Cash | 6,603 | 11,730 | 58,766 | 44,955 | 132 | 29,337 |
| Investments: U.S. Government Securities (Par) | 0 | 1,365 | 0 | 0 | 2,325 | 2,500 |
| Securities Government Supervised Institutions (Par) | 0 | 0 | 30,625 | 0 | 105 | 0 |
| Other Securities and Federal Funds | 111,000 | 201,067 | 373,005 | 201,005 | 263,592 | 586,939 |
| Investment in BC Bankers Acceptances (Par) | 0 | 0 | 0 | 0 | 0 | 0 |
| Unamortized Premium or Discount (Net) | 0 | (7) | (25) | (470) | (33) | (41) |
| Unamortized Defer Gain/Loss Security Sales (Net) | 0 | 0 | 159 | 0 | 0 | 207 |
| Total Investment in Securities | 111,000 | 202,425 | 403,764 | 200,535 | 265,989 | 589,605 |
| Investments in Farm Credit Institutions | 172 | 0 | 228 | 221 | 185 | 215 |
| Notes Receivable Farm Credit Banks and Others | 731 | 12,348 | 359 | 1,887 | 11,533 | 7,566 |
| Accounts Receivable | 3,008 | 3,287 | 1,895 | 129,160 | 124,735 | 21,189 |
| Accrued Interest Receivable - Other Farm Credit Banks | 3 | 1,033 | 20 | 27 | 262 | 7 |
| Accrued Interest Receivable - Investments | 339 | 0 | 2,713 | 792 | 2,009 | 1,884 |
| Acquired Property | 5,920 | 3,670 | 58,361 | 46,527 | 170,462 | 120,895 |
| Less: Allowance for Losses | 420 | 318 | 5,648 | 2,170 | 70,875 | 32,733 |
| Less: Accumulated Depreciation | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Acquired Property | 5,500 | 3,352 | 52,713 | 44,357 | 99,587 | 88,162 |
| Land, Buildings, and Equipment | 13,021 | 13,306 | 8,364 | 7,668 | 10,739 | 12,807 |
| Less: Accumulated Depreciation | 5,446 | 3,368 | 4,066 | 4,736 | 2,595 | 3,457 |
| Net Land, Buildings, and Equipment | 7,575 | 9,938 | 4,298 | 2,932 | 8,144 | 9,350 |
| Prepaid Expenses and Other Assets | 1,110 | 3,032 | 7,686 | 5,892 | 2,014 | 5,075 |
| Total Assets | \$968,481 | \$2,090,840 | \$4,488,646 | \$3,518,951 | \$2,410,208 | \$4,477,359 |
| Liabilities and Net Worth | | | | | | |
| Drafts Outstanding | \$ 313 | \$ 5,049 | \$ 492 | \$ 37 | \$ 217 | \$ 68 |
| Notes Payable: FLBAs | 4,139 | 65,225 | 7,294 | 0 | 0 | 20 |
| Other Farm Credit Banks | 0 | 0 | 0 | 0 | 7,000 | 0 |
| Consolidated Systemwide Notes | 118,042 | 121,248 | 66,834 | 9,998 | 121,060 | 659,584 |
| Commercial Banks and Other | 0 | 52,620 | 135,337 | 111,526 | 75,284 | 127,283 |
| Securities Sold Under Agreement to Repurchase | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Notes Payable | 122,181 | 239,093 | 209,465 | 121,524 | 203,344 | 786,887 |
| Accounts Payable | 30,940 | 67,216 | 123,334 | 5,652 | 3,315 | 8,690 |
| Accrued Interest Payable | 21,898 | 50,556 | 99,936 | 108,975 | 68,372 | 105,951 |
| Miscellaneous Trust Accounts | 704 | 8,919 | 5,593 | 807 | 593 | 6,757 |
| Unmatured Consolidated and Systemwide Bonds | 704,374 | 1,451,400 | 3,854,411 | 3,227,451 | 2,106,000 | 3,385,000 |
| Less: Consolidated Bonds Owned | 0 | 0 | 47,000 | 100,000 | 25,000 | 0 |
| Less: Unamortized Premiums and Discounts | (1,090) | (2,083) | (748) | 5,554 | 2,375 | (1,463) |
| Net Consolidated and Systemwide Bonds Outstanding | 705,464 | 1,453,483 | 3,808,159 | 3,121,897 | 2,078,625 | 3,386,463 |
| Unmatured Farm Credit Investment Bonds Outstanding | 0 | 88,922 | 0 | 0 | 0 | 0 |
| Matured Farm Credit Investment Bonds Outstanding | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Liabilities | 779 | 945 | 1,851 | 3,146 | 1,178 | 6,388 |
| Total Liabilities | 882,279 | 1,914,183 | 4,248,830 | 3,362,038 | 2,355,644 | 4,301,204 |
| Capital Stock: Class B - FLBAs | 45,977 | 90,119 | 207,255 | 188,403 | 103,906 | 218,574 |
| Class C - FLBAs | 0 | 0 | 0 | 0 | 0 | 0 |
| Participation Certificates - FLBAs | 4,847 | 10,184 | 25,129 | 4,489 | 7,331 | 3,359 |
| Total Capital Stock | 50,824 | 100,303 | 232,384 | 192,892 | 111,237 | 221,933 |
| Earned Net Worth: Legal Reserve | 35,376 | 76,353 | 7,432 | 0 | 0 | 0 |
| Surplus Reserve | 0 | 0 | 0 | 0 | 0 | 0 |
| Earned Surplus | 0 | 0 | 0 | (35,978) | (56,670) | (45,780) |
| Total Earned Net Worth | 35,376 | 76,353 | 7,432 | (35,978) | (56,670) | (45,780) |
| Total Net Worth | 86,200 | 176,656 | 239,816 | 156,914 | 54,567 | 176,151 |
| Total Liabilities and Net Worth | \$968,479 | \$2,090,839 | \$4,488,646 | \$3,518,952 | \$2,410,211 | \$4,477,357 |

Totals may not add due to rounding.

Table 23 (continued)
Federal Land Banks Statement of Condition by District

(Dollars in Thousands)

| As of December 31, 1986 | St. Paul | Omaha | Wichita | Texas | Sacramento | Spokane |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Assets | | | | | | |
| Loans: Unmatured Principal | \$4,723,269 | \$3,557,452 | \$3,253,050 | \$2,372,878 | \$3,815,122 | \$2,429,783 |
| Unmatured Extensions | 2,300 | 1,572 | 0 | 154 | 0 | 0 |
| Delinquent Principal and Advances | 2,191 | 15,284 | 11,716 | 5,400 | 34,537 | 11,110 |
| Loans in Process of Closing | 0 | 461 | 3,360 | 4,171 | 26,331 | 0 |
| Nonaccrual Loans | 1,125,024 | 828,825 | 688,341 | 94,209 | 373,726 | 672,376 |
| Accrued Interest Receivable on Loans | 232,892 | 244,374 | 167,902 | 122,488 | 204,492 | 133,656 |
| Gross Loan Items | 6,085,676 | 4,647,968 | 4,124,369 | 2,599,300 | 4,454,208 | 3,246,925 |
| Less: Allowance for Losses | 484,259 | 475,261 | 454,397 | 51,425 | 122,913 | 152,549 |
| Less: Deferred Proceeds of Loans | 14,586 | 1,602 | 415 | 4,153 | 12,029 | 1,864 |
| Less: Future Payment Funds | 0 | 80,038 | 20,375 | 60,958 | 33,573 | 64,533 |
| Less: Advance Payments | 60,225 | 18 | 22,069 | 28,274 | 59 | 0 |
| Less: Unamortized Loan Fees | 10,460 | 0 | 0 | 0 | 0 | 0 |
| Less: Unapplied Loan Payments | 0 | 4,378 | 10,687 | 2 | 337 | 752 |
| Net Loan Items | 5,516,146 | 4,086,671 | 3,616,426 | 2,454,488 | 4,285,297 | 3,027,227 |
| Cash | 4,002 | 34,724 | 4,059 | 17,622 | 29,369 | 25,403 |
| Investments: U.S. Government Securities (Par) | 0 | 3,925 | 75,000 | 0 | 1,055 | 2,000 |
| Securities Government Supervised Institutions (Par) | 0 | 0 | 0 | 0 | 3,516 | 41,000 |
| Other Securities and Federal Funds | 817,072 | 544,675 | 369,633 | 628,404 | 615,351 | 256,835 |
| Investment in BC Bankers Acceptances (Par) | 0 | 0 | 0 | 0 | 0 | 0 |
| Unamortized Premium or Discount (Net) | (3,691) | (444) | (87) | (77) | (1,570) | (2,437) |
| Unamortized Defer Gain/Loss Security Sales (Net) | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Investment in Securities | 813,381 | 548,156 | 444,546 | 628,327 | 618,352 | 297,398 |
| Investments in Farm Credit Institutions | 447 | 439 | 433 | 190 | 206 | 199 |
| Notes Receivable Farm Credit Banks and Other | 52,582 | 0 | 14,891 | 4,737 | 6,861 | 1,088 |
| Accounts Receivable | 199,201 | 241,051 | 136,371 | 2,566 | 38,499 | 50,852 |
| Accrued Interest Receivable - Other Farm Credit Banks | 1,547 | 0 | 226 | 50 | 64 | 6 |
| Accrued Interest Receivable - Investments | 2,511 | 4,489 | 2,363 | 2,325 | 1,558 | 661 |
| Acquired Property | 262,272 | 181,843 | 110,987 | 12,331 | 138,246 | 108,633 |
| Less: Allowance for Losses | 67,494 | 46,220 | 20,397 | 792 | 27,180 | 36,651 |
| Less: Accumulated Depreciation | 194,778 | 135,623 | 90,590 | 11,539 | 111,066 | 71,982 |
| Net Acquired Property | 15,777 | 7,948 | 22,040 | 13,489 | 8,025 | 30,523 |
| Land, Buildings, and Equipment | 4,890 | 4,674 | 7,239 | 1,677 | 2,877 | 5,066 |
| Less: Accumulated Depreciation | 10,387 | 3,274 | 14,801 | 11,812 | 5,148 | 25,457 |
| Net Land, Buildings, and Equipment | 2,756 | 9,045 | 5,779 | 3,748 | 4,543 | 13,044 |
| Prepaid Expenses and Other Assets | | | | | | |
| Total Assets | \$6,796,738 | \$5,063,472 | \$4,330,485 | \$3,137,404 | \$5,100,963 | \$3,513,317 |
| Liabilities and Net Worth | | | | | | |
| Drafts Outstanding | \$ 0 | \$ 487 | \$ 209 | \$ 0 | \$ 0 | \$ 4,701 |
| Notes Payable: FLBAs | 1,112 | 0 | 0 | 102,519 | 0 | 0 |
| Other Farm Credit Banks | 0 | 0 | 0 | 0 | 0 | 50 |
| Consolidated Systemwide Notes | 783,985 | 421,749 | 222,361 | 369,476 | 1,070,753 | 332,718 |
| Commercial Banks and Other | 184,258 | 149,257 | 128,698 | 73,709 | 126,758 | 96,249 |
| Securities Sold Under Agreement to Repurchase | 0 | 0 | 34,225 | 0 | 0 | 0 |
| Total Notes Payable | 969,355 | 571,006 | 385,284 | 545,704 | 1,197,511 | 429,017 |
| Accounts Payable | 32,022 | 3,447 | 1,779 | 86,101 | 87,548 | 113,984 |
| Accrued Interest Payable | 171,230 | 124,810 | 119,989 | 59,994 | 112,885 | 90,355 |
| Miscellaneous Trust Accounts | 9,673 | 11,082 | 3,513 | 1,898 | 5,847 | 1,089 |
| Unmatured Consolidated and Systemwide Bonds | 5,430,500 | 4,204,600 | 3,585,579 | 2,285,087 | 3,452,900 | 2,762,993 |
| Less: Consolidated Bonds Owned | 0 | 50,000 | 0 | 0 | 0 | 0 |
| Less: Unamortized Premiums and Discounts | 2,235 | 114 | (4,096) | (285) | (2,153) | (529) |
| Net Consolidated and Systemwide Bonds Outstanding | 5,428,265 | 4,154,486 | 3,589,675 | 2,285,372 | 3,455,053 | 2,763,522 |
| Unmatured Farm Credit Investment Bonds Outstanding | 0 | 0 | 0 | 0 | 0 | 0 |
| Matured Farm Credit Investment Bonds Outstanding | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Liabilities | 4,800 | 4,656 | 4,704 | 2,550 | 3,578 | 2,614 |
| Total Liabilities | 6,615,345 | 4,869,974 | 4,105,153 | 2,981,619 | 4,862,422 | 3,405,282 |
| Capital Stock: Class B - FLBAs | 315,206 | 227,855 | 218,518 | 128,562 | 236,906 | 164,327 |
| Class C - FLBAs | 0 | 0 | 10,000 | 0 | 0 | 0 |
| Participation Certificates - FLBAs | 12,828 | 5,075 | 8,517 | 8,735 | 1,433 | 3,414 |
| Total Capital Stock | 328,034 | 232,930 | 237,035 | 137,297 | 238,339 | 167,741 |
| Earned Net Worth: Legal Reserve | (146,639) | 0 | 0 | 18,489 | 200 | 0 |
| Surplus Reserve | 0 | 0 | 0 | 0 | 0 | 0 |
| Earned Surplus | 0 | (39,435) | (11,700) | 0 | 0 | (59,706) |
| Total Earned Net Worth | (146,639) | (39,435) | (11,700) | 18,489 | 200 | (59,706) |
| Total Net Worth | 181,395 | 193,495 | 225,335 | 155,786 | 238,539 | 108,035 |
| Total Liabilities and Net Worth | \$6,796,740 | \$5,063,469 | \$4,330,488 | \$3,137,405 | \$5,100,961 | \$3,513,317 |

Totals may not add due to rounding.

Table 24

Federal Land Banks Combined Statement of Income

(Dollars in Thousands)

| For the Year Ended December 31 | 1986 | 1985 | Percent Change |
|---|----------------------|----------------------|-----------------|
| Income | | | |
| Loan Interest Income: Mortgage Loans | \$ 4,466,762 | \$ 5,624,709 | (20.58) |
| Notes Receivable Other Farm Credit Banks | 10,867 | 5,925 | 83.40 |
| Sales Contracts (Net) | 2,956 | 1,008 | 193.25 |
| Penalty and Other Interest Income | 79,029 | 105,969 | (25.42) |
| Total Interest Income from Loans | 4,559,614 | 5,737,611 | (20.53) |
| Income from Investments (Net) | 260,395 | 159,610 | 63.14 |
| Compensation Income - Participations Sold | 0 | 0 | 0.00 |
| Appraisal and Loan Service Fees | 13,615 | 13,998 | (2.73) |
| Financially Related Services | 1,897 | 1,714 | 10.67 |
| Other Operating Income | 49,997 | 3,222 | 1451.73 |
| Gross Income | 4,885,518 | 5,916,155 | (17.42) |
| Expenses | | | |
| Notes and Bonds Expense: Cost of Bonds | 4,391,461 | 5,284,871 | (16.90) |
| Interest on Notes Payable | 270,739 | 166,888 | 62.22 |
| Interest on Future Payment Funds | 24,316 | 25,930 | (6.22) |
| Total Cost of Borrowed Funds | 4,686,516 | 5,477,689 | (14.44) |
| Compensation Expense - Participations Purchased | 0 | 0 | 0.00 |
| Operating Expense | 312,262 | 290,279 | 7.57 |
| Total Expenses | 4,998,778 | 5,767,968 | (13.33) |
| Net Gain (Loss) from Operations | (113,260) | 148,187 | (176.43) |
| Other Additions/Deductions: | | | |
| Profit (Loss) - Sale of Investment | 2,576 | 247 | 942.91 |
| Income (Expense) - Other | 14,027 | 23,773 | (40.99) |
| Net Profit (Loss) - Acquired Property | 9,620 | 3,087 | 211.62 |
| Provision for Losses - Acquired Property | (194,620) | (211,275) | (7.88) |
| Interest on Investments - Buildings/Premises | 1,470 | 857 | 71.52 |
| Income (Expense) - Loss Sharing | (137,104) | 0 | 0.00 |
| Income (Expense) - Capital Corp. Assessments | 0 | 0 | 0.00 |
| Other Gains (Losses) | 457,860 | 32,464 | 1310.36 |
| Total Other Additions and Deductions | 153,829 | (150,847) | (201.97) |
| Net Gain (Loss) before Provision for Losses | 40,569 | (2,660) | (1625.15) |
| Provision for Losses | 1,459,897 | (2,013,649) | (27.49) |
| Net Income (Loss) | \$(1,419,328) | \$(2,016,309) | (29.60) |

Totals may not add due to rounding.

Table 25
Federal Land Banks Statement of Income by District

(Dollars in Thousands)

| For the Year Ended December 31, 1986 | Springfield | Baltimore | Columbia | Louisville | Jackson | St. Louis |
|---|--------------------|--------------------|---------------------|--------------------|--------------------|--------------------|
| Income | | | | | | |
| Loan Interest Income: Mortgage Loans | \$100,402 | \$213,761 | \$ 481,953 | \$393,004 | \$222,067 | \$431,824 |
| Notes Receivable Other Farm Credit Banks | 153 | 885 | 2,363 | 597 | 793 | 346 |
| Sales Contracts (Net) | 0 | 1,179 | 0 | 0 | 0 | 0 |
| Penalty and Other Interest Income | 1,049 | 1,507 | 4,241 | 3,709 | 7,042 | 4,699 |
| Total Interest Income from Loans | 101,604 | 217,332 | 488,557 | 397,310 | 229,902 | 436,869 |
| Income from Investments (Net) | 4,594 | 12,501 | 28,241 | 17,329 | 13,809 | 25,132 |
| Compensation Income - Participations Sold | 0 | 0 | 0 | 0 | 0 | 0 |
| Appraisal and Loan Service Fees | 15 | 59 | 6,539 | 0 | 518 | 528 |
| Financially Related Services | 0 | 50 | 0 | 284 | 177 | 617 |
| Other Operating Income | 268 | 568 | 1,207 | 44 | 681 | 1,146 |
| Gross Income | 106,481 | 230,510 | 524,544 | 414,967 | 245,087 | 464,292 |
| Expenses | | | | | | |
| Notes and Bonds Expense: Cost of Bonds | 80,787 | 190,064 | 464,929 | 410,459 | 264,375 | 412,504 |
| Interest on Notes Payable | 7,224 | 10,596 | 13,761 | 9,305 | 7,728 | 31,583 |
| Interest on Future Payment Funds | 8 | 0 | 0 | 0 | 0 | 0 |
| Total Cost of Borrowed Funds | 88,019 | 200,660 | 478,690 | 419,764 | 272,103 | 444,087 |
| Compensation Expense - Participations Purchased | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Expense | 10,795 | 17,545 | 34,099 | 27,846 | 22,187 | 31,165 |
| Total Expenses | 98,814 | 218,205 | 512,789 | 447,610 | 294,290 | 475,252 |
| Net Gain (Loss) from Operations | 7,667 | 12,305 | 11,755 | (32,643) | (49,203) | 10,960 |
| Other Additions/Deductions: | | | | | | |
| Profit (Loss) - Sale of Investment | 0 | 0 | 0 | 409 | 0 | 0 |
| Income (Expense) - Other | 0 | 2 | 20 | 2 | 4,545 | 436 |
| Net Profit (Loss) - Acquired Property | 199 | (353) | (1,353) | 3,627 | 3,748 | 5,983 |
| Provision for Losses - Acquired Property | (328) | 93 | (7,309) | (2,609) | (47,169) | (9,720) |
| Interest on Investments - Buildings/Premises | 0 | 471 | 241 | 0 | 0 | 0 |
| Income (Expense) - Loss Sharing | 0 | 0 | (150,860) | 165 | 0 | 0 |
| Income (Expense) - Capital Corp. Assessments | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Gains (Losses) | (36,517) | (79,800) | (157) | (146,466) | 144,131 | (32,038) |
| Total Other Additions and Deductions | (36,646) | (79,587) | (159,418) | 148,060 | 105,255 | 28,737 |
| Net Gain (Loss) before Provision for Losses | (28,979) | (67,282) | (147,663) | 115,417 | 56,052 | 17,777 |
| Provision for Losses | (1,559) | (917) | 144,339 | 172,027 | 152,425 | 105,839 |
| Net Income (Loss) | \$ (27,420) | \$ (66,365) | \$ (292,002) | \$ (56,610) | \$ (96,373) | \$ (88,062) |

Totals may not add due to rounding.

Table 25 (continued)
Federal Land Banks Statement of Income by District

(Dollars in Thousands)

| For the Year Ended December 31, 1986 | St. Paul | Omaha | Wichita | Texas | Sacramento | Spokane |
|---|--------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| Income | | | | | | |
| Loan Interest Income: Mortgage Loans | \$ 612,251 | \$493,021 | \$432,761 | \$285,249 | \$ 461,508 | \$ 338,963 |
| Notes Receivable Other Farm Credit Banks | 2,099 | 3 | 189 | 201 | 2,548 | 689 |
| Sales Contracts (Net) | 1,307 | 399 | 25 | 78 | 0 | 45 |
| Penalty and Other Interest Income | 15,901 | 10,521 | 13,105 | 78 | 10,402 | 6,777 |
| Total Interest Income from Loans | 631,558 | 503,944 | 446,080 | 285,528 | 474,458 | 346,473 |
| Income from Investments (Net) | 32,585 | 27,965 | 31,796 | 23,203 | 24,359 | 18,885 |
| Compensation Income - Participations Sold | 0 | 0 | 0 | 0 | 0 | 0 |
| Appraisal and Loan Service Fees | 83 | 55 | 14 | 158 | 5,577 | 69 |
| Financially Related Services | 118 | 650 | 0 | 0 | 0 | 0 |
| Other Operating Income | 65 | 1,880 | 990 | 573 | 42,562 | 11 |
| Gross Income | 664,409 | 534,494 | 478,880 | 309,462 | 546,956 | 365,438 |
| Expenses | | | | | | |
| Notes and Bonds Expense: Cost of Bonds | 649,470 | 496,841 | 437,666 | 238,330 | 414,078 | 331,958 |
| Interest on Notes Payable | 29,333 | 28,483 | 24,710 | 28,341 | 53,910 | 25,768 |
| Interest on Future Payment Funds | 0 | 9,707 | 0 | 6,591 | 0 | 8,010 |
| Total Cost of Borrowed Funds | 678,803 | 535,031 | 462,376 | 273,262 | 467,988 | 365,736 |
| Compensation Expense - Participations Purchased | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Expense | 49,119 | 36,038 | 29,953 | 17,347 | 15,029 | 21,140 |
| Total Expenses | 727,922 | 571,069 | 492,329 | 290,609 | 483,017 | 386,876 |
| Net Gain (Loss) from Operations | (63,513) | (36,575) | (13,449) | 18,853 | 63,939 | (21,438) |
| Other Additions/Deductions: | | | | | | |
| Profit (Loss) - Sale of Investment | 1,565 | 512 | 15 | 65 | 0 | 10 |
| Income (Expense) - Other | 2,324 | 193 | 3,721 | 2,252 | 136 | 395 |
| Net Profit (Loss) - Acquired Property | (4,576) | 4,178 | (654) | (248) | (1,176) | 245 |
| Provision for Losses - Acquired Property | (47,897) | (19,346) | (26,276) | (790) | (22,238) | (11,029) |
| Interest on Investments - Buildings/Premises | 758 | 0 | 0 | 0 | 0 | 0 |
| Income (Expense) - Loss Sharing | 861 | 0 | 0 | 0 | 0 | 12,729 |
| Income (Expense) - Capital Corp. Assessments | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Gains (Losses) | 125,150 | 233,502 | 212,477 | (101,622) | (125,936) | (91,872) |
| Total Other Additions and Deductions | 78,185 | 219,039 | 189,283 | (100,343) | (149,214) | (89,522) |
| Net Gain (Loss) before Provision for Losses | 14,672 | 182,464 | 175,834 | (81,490) | (85,275) | (110,960) |
| Provision for Losses | 333,382 | 221,901 | 187,535 | 7,053 | 29,449 | 108,424 |
| Net Income (Loss) | \$(318,710) | \$(39,437) | \$(11,701) | \$(88,543) | \$(114,724) | \$(219,384) |

Totals may not add due to rounding.

Table 26**District Federal Land Banks Nonperforming Loans, Chargeoffs and Financial Ratios**

(Dollars in Millions)

| For the Year Ended December 31, 1986 | Springfield | Baltimore | Columbia | Louisville | Jackson | St. Louis |
|--------------------------------------|-------------|-----------|-----------|------------|-----------|-----------|
| Nonperforming Loans | \$ 37.7 | \$100.0 | \$628.4 | \$811.3 | \$791.7 | \$1,199.7 |
| Formally Restructured | 0.0 | 8.5 | 0.2 | 1.8 | 0.0 | 0.6 |
| Other Restructured and Reduced Rate | 0.0 | 0.7 | 0.0 | 0.1 | 0.0 | 0.0 |
| Other High Risk | 13.2 | 47.1 | 176.2 | 304.0 | 410.5 | 534.9 |
| Nonaccrual | 24.5 | 43.7 | 452.0 | 505.4 | 381.2 | 664.2 |
| Net Loan Chargeoffs | \$ 0.9 | \$ 0.7 | \$ 44.0 | \$ 96.4 | \$103.4 | \$ 56.2 |
| Selected Ratios | | | | | | |
| Return on Assets | (2.71 %) | (2.96 %) | (5.71 %) | (1.43 %) | (3.58 %) | (1.87 %) |
| Return on Equity | (25.77 %) | (29.88 %) | (72.62 %) | (27.26 %) | (76.66 %) | (36.36 %) |
| Net Interest Margin | 1.87 % | 1.34 % | 0.81 % | (0.15 %) | (1.30 %) | 0.43 % |
| As of December 31, 1986 | | | | | | |
| Capital as a % of Assets | 8.90 % | 8.45 % | 5.34 % | 4.46 % | 2.26 % | 3.93 % |
| Debt-to-Capital (:1) | 10.24 | 10.84 | 17.72 | 21.43 | 43.17 | 24.42 |

Components may not add to totals due to rounding.

Table 26 (continued)**District Federal Land Banks Nonperforming Loans, Chargeoffs and Financial Ratios**

(Dollars in Millions)

| For the Year Ended December 31, 1986 | St. Paul | Omaha | Wichita | Texas | Sacramento | Spokane |
|--------------------------------------|-----------|-----------|-----------|-----------|------------|-----------|
| Nonperforming Loans | \$2,705.6 | \$1,530.1 | \$1,066.7 | \$144.9 | \$798.1 | \$724.1 |
| Formally Restructured | 30.5 | 4.1 | 2.4 | 5.4 | 14.0 | 0.0 |
| Other Restructured and Reduced Rate | 0.0 | 0.9 | 1.1 | 2.6 | 0.0 | 0.0 |
| Other High Risk | 1,550.1 | 696.3 | 314.9 | 42.7 | 410.4 | 51.7 |
| Nonaccrual | 1,125.0 | 828.8 | 688.3 | 94.2 | 373.7 | 672.4 |
| Net Loan Chargeoffs | \$ 201.8 | \$ 223.1 | \$ 143.3 | \$ 2.5 | \$ 42.7 | \$ 22.7 |
| Selected Ratios | | | | | | |
| Return on Assets | (4.52 %) | (0.73 %) | (0.25 %) | (2.93 %) | (2.30 %) | (5.83 %) |
| Return on Equity | (83.39 %) | (15.86 %) | (4.75 %) | (41.72 %) | (39.17 %) | (89.16 %) |
| Net Interest Margin | (0.24 %) | (0.07 %) | 0.37 % | 1.21 % | 0.70 % | (0.01 %) |
| As of December 31, 1986 | | | | | | |
| Capital as a % of Assets | 2.67 % | 3.82 % | 5.20 % | 4.97 % | 4.68 % | 3.08 % |
| Debt-to-Capital (:1) | 36.47 | 25.17 | 18.22 | 19.14 | 20.38 | 31.52 |

Components may not add to totals due to rounding.

Table 27**Federal Land Bank Associations Combined Statement of Condition**

(Dollars in Thousands)

| As of December 31 | 1986 | 1985 | Percent Change |
|---|--------------------|--------------------|----------------|
| Assets | | | |
| Cash | \$ 21,006 | \$ 13,617 | 54.26 |
| Investments: U.S. Government Securities (Par) | 820 | 33 | 2384.85 |
| Government Supervised Institutions | 338 | 7,613 | (95.56) |
| Unamortized Premium or Discount (Net) | 0 | (37) | (100.00) |
| Federal Land Bank Obligations | 178,958 | 415,510 | (56.93) |
| Other (Par) | 990 | 432 | 129.17 |
| Total Investment in Securities | 181,106 | 423,551 | (57.24) |
| Investments in FLBs: Class B Stock | 1,891,089 | 2,451,246 | (22.85) |
| Class C Stock | 19,562 | 0 | N/A |
| Participation Certificates | 83,092 | 141,123 | (41.12) |
| Total Investment in FLBs | 1,993,743 | 2,592,369 | (23.09) |
| Notes Receivable Farm Credit Banks and Other | 4,609 | 4,408 | 4.56 |
| Accounts Receivable | 7,784 | 46,341 | (83.20) |
| Accrued Interest Receivable - Other Farm Credit Banks | 897 | 7,736 | (88.40) |
| Land, Buildings, and Equipment | 148,278 | 175,218 | (15.38) |
| Less: Accumulated Depreciation | 44,837 | 46,592 | (3.77) |
| Net Land, Buildings, and Equipment | 103,441 | 128,626 | (19.58) |
| Prepaid Expenses and Other Assets | 79,288 | 8,326 | 852.29 |
| Total Assets | \$2,391,874 | \$3,224,974 | (25.83) |
| Liabilities and Net Worth | | | |
| Notes Payable | \$ 8,481 | \$ 432 | 1863.19 |
| Accounts Payable | 143,628 | 92,883 | 54.63 |
| Accrued Interest Payable | 7 | 42,241 | (99.98) |
| Dividends Payable | 16 | 823 | (98.06) |
| Undistributed Collections and Trust Funds | 11,872 | 10,207 | 16.31 |
| Miscellaneous Trust Receipts | 1,045 | 516 | 102.52 |
| Other Liabilities | 12,721 | 11,809 | 7.72 |
| Total Liabilities | 177,770 | 158,911 | 11.87 |
| Allowance for Losses | 75,668 | 112,110 | (32.51) |
| Capital Stock Outstanding | 2,127,307 | 2,451,245 | (13.22) |
| Participation Certificates | 95,865 | 141,121 | (32.07) |
| Total Capital Stock | 2,223,172 | 2,592,366 | (14.24) |
| Earned Net Worth: Legal Reserve | (78,405) | 87,033 | (190.09) |
| Surplus Reserve | 0 | 9,789 | (100.00) |
| Earned Surplus | (6,118) | 264,765 | (102.31) |
| Total Earned Net Worth | (84,523) | 361,587 | (123.38) |
| Total Net Worth | 2,138,649 | 2,953,953 | (27.60) |
| Total Liabilities and Net Worth | \$2,392,087 | \$3,224,974 | (25.83) |

N/A Not applicable.

Totals may not add due to rounding.

Table 28
Federal Land Banks Associations Statement of Condition by District

(Dollars in Thousands)

| As of December 31, 1986 | Springfield | Baltimore | Columbia | Louisville | Jackson | St. Louis |
|---|-----------------|------------------|------------------|------------------|------------------|------------------|
| Assets | | | | | | |
| Cash | \$ 358 | \$ 357 | \$ 234 | \$ 384 | \$ 294 | \$ 424 |
| Investments: U.S. Government Securities (Par) | 0 | 0 | 0 | 0 | 0 | 0 |
| Government Supervised Institutions | 3 | 0 | 0 | 0 | 0 | 0 |
| Unamortized Premium or Discount (Net) | 0 | 0 | 0 | 0 | 0 | 0 |
| Federal Land Bank Obligations | 4,105 | 64,515 | 6,801 | 0 | 0 | 20 |
| Other (Par) | 23 | 0 | 51 | 0 | 0 | 0 |
| Total Investment in Securities | 4,131 | 64,515 | 6,852 | 0 | 0 | 20 |
| Investments in FLBs: Class B Stock | 45,977 | 90,102 | 207,278 | 188,344 | 50,971 | 176,260 |
| Class C Stock | 0 | 0 | 0 | 0 | 0 | 0 |
| Participation Certificates | 4,847 | 10,179 | 25,129 | 4,488 | 3,596 | 0 |
| Total Investment in FLBs | 50,824 | 100,281 | 232,407 | 192,832 | 54,567 | 176,260 |
| Notes Receivable Farm Credit Banks and Other | 37 | 51 | 306 | 345 | 180 | 160 |
| Accounts Receivable | 136 | (41) | 99 | 33 | 33 | 1,438 |
| Accrued Interest Receivable - Other Farm Credit Banks | 0 | 323 | 1 | 1 | 0 | 1 |
| Land, Buildings, and Equipment | 5,837 | 11,915 | 20,149 | 10,726 | 10,666 | 12,557 |
| Less: Accumulated Depreciation | 1,890 | 3,580 | 6,838 | 3,302 | 3,866 | 3,114 |
| Net Land, Buildings, and Equipment | 3,947 | 8,335 | 13,311 | 7,424 | 6,800 | 9,443 |
| Prepaid Expenses and Other Assets | 10,969 | 72 | 21,015 | 1,189 | 27 | 741 |
| Total Assets | \$70,402 | \$173,893 | \$274,225 | \$202,208 | \$ 61,901 | \$188,487 |
| Liabilities and Net Worth | | | | | | |
| Notes Payable | \$ 0 | \$ 34 | \$ 311 | \$ 157 | \$ 0 | \$ 7,329 |
| Accounts Payable | 622 | 592 | 2,147 | 7,670 | 7,013 | 941 |
| Accrued Interest Payable | 0 | 0 | 3 | 4 | 0 | 0 |
| Dividends Payable | 0 | 14 | 0 | 0 | 0 | 0 |
| Undistributed Collections and Trust Funds | 1 | 292 | 0 | 7 | 50 | 110 |
| Miscellaneous Trust Receipts | 0 | 1 | 0 | (2) | 0 | 3 |
| Other Liabilities | 233 | 216 | 2,298 | 1,533 | 279 | 3,844 |
| Total Liabilities | 856 | 1,149 | 4,759 | 9,369 | 7,342 | 12,227 |
| Allowance for Losses | 0 | 23,541 | 0 | 0 | 0 | 0 |
| Capital Stock Outstanding | 45,977 | 90,105 | 207,278 | 188,344 | 103,906 | 218,574 |
| Participation Certificates | 4,847 | 10,179 | 25,129 | 4,498 | 7,331 | 3,359 |
| Total Capital Stock | 50,824 | 100,284 | 232,407 | 192,842 | 111,237 | 221,933 |
| Earned Net Worth: Legal Reserve | 2,840 | 7,114 | 5,624 | 39 | 0 | 0 |
| Surplus Reserve | 0 | 0 | 0 | 0 | 0 | 0 |
| Earned Surplus | 15,883 | 41,807 | 31,433 | (39) | (56,670) | (45,673) |
| Total Earned Net Worth | 18,723 | 48,921 | 37,057 | 0 | (56,670) | (45,673) |
| Total Net Worth | 69,547 | 149,205 | 269,464 | 192,842 | 54,567 | 176,260 |
| Total Liabilities and Net Worth | \$70,403 | \$173,895 | \$274,223 | \$202,211 | \$ 61,909 | \$188,487 |

Totals may not add due to rounding.

Table 28 (continued)**Federal Land Banks Associations Statement of Condition by District**

(Dollars in Thousands)

| As of December 31, 1986 | St. Paul | Omaha | Wichita | Texas | Sacramento | Spokane |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| Assets | | | | | | |
| Cash | \$ 10,376 | \$ 2,280 | \$ 4,189 | \$ 1,471 | \$ 297 | \$ 341 |
| Investments: U.S. Government Securities (Par) | 816 | 0 | 0 | 4 | 0 | 0 |
| Government Supervised Institutions | 335 | 0 | 0 | 0 | 0 | 0 |
| Unamortized Premium or Discount (Net) | 0 | 0 | 0 | 0 | 0 | 0 |
| Federal Land Bank Obligations | 998 | 0 | 0 | 102,519 | 0 | 0 |
| Other (Par) | 16 | 0 | 0 | 900 | 0 | 0 |
| Total Investment in Securities | 2,165 | 0 | 0 | 103,423 | 0 | 0 |
| Investments in FLBs: Class B Stock | 173,561 | 210,283 | 218,518 | 128,562 | 236,906 | 164,327 |
| Class C Stock | 0 | 0 | 0 | 0 | 19,562 | 0 |
| Participation Certificates | 7,829 | 4,923 | 8,517 | 8,735 | 1,433 | 3,414 |
| Total Investment in FLBs | 181,390 | 215,206 | 227,035 | 137,297 | 257,901 | 167,741 |
| Notes Receivable Farm Credit Banks and Other | 1,023 | 282 | 268 | 198 | 563 | 1,196 |
| Accounts Receivable | 1,889 | 166 | 122 | 3,607 | 121 | 181 |
| Accrued Interest Receivable - Other Farm Credit Banks | 12 | 0 | 0 | 559 | 0 | 0 |
| Land, Buildings, and Equipment | 21,399 | 22,020 | 0 | 8,385 | 11,930 | 12,695 |
| Less: Accumulated Depreciation | 5,861 | 6,071 | 0 | 3,041 | 3,252 | 4,021 |
| Net Land, Buildings, and Equipment | 15,538 | 15,949 | 0 | 5,344 | 8,678 | 8,674 |
| Prepaid Expenses and Other Assets | 1,435 | 376 | 4 | 185 | 890 | 42,384 |
| Total Assets | \$213,828 | \$234,259 | \$231,618 | \$252,084 | \$268,450 | \$220,517 |
| Liabilities and Net Worth | | | | | | |
| Notes Payable | \$ 49 | \$ 20 | \$ 0 | \$ 0 | \$ 0 | \$ 581 |
| Accounts Payable | 24,941 | 16,271 | (312) | 2,341 | 29,998 | 51,403 |
| Accrued Interest Payable | 0 | 0 | 0 | 0 | 0 | 0 |
| Dividends Payable | 0 | 0 | 0 | 2 | 0 | 0 |
| Undistributed Collections and Trust Funds | 5,496 | 1,826 | 3,803 | 0 | 15 | 272 |
| Miscellaneous Trust Receipts | 974 | 18 | 0 | 32 | 20 | 0 |
| Other Liabilities | 938 | 914 | 1,091 | 778 | 79 | 520 |
| Total Liabilities | 32,398 | 19,049 | 4,582 | 3,153 | 30,112 | 52,776 |
| Allowance for Losses | 303 | 0 | 0 | 51,824 | 0 | 0 |
| Capital Stock Outstanding | 314,531 | 210,283 | 218,518 | 128,557 | 236,906 | 164,327 |
| Participation Certificates | 13,499 | 4,923 | 8,517 | 8,735 | 1,433 | 3,414 |
| Total Capital Stock | 328,030 | 215,206 | 227,035 | 137,292 | 238,339 | 167,741 |
| Earned Net Worth: Legal Reserve | (121,488) | 0 | 0 | 27,466 | 0 | 0 |
| Surplus Reserve | 0 | 0 | 0 | 0 | 0 | 0 |
| Earned Surplus | (25,151) | 0 | 0 | 32,292 | 0 | 0 |
| Total Earned Net Worth | (146,639) | 0 | 0 | 59,758 | 0 | 0 |
| Total Net Worth | 181,391 | 215,206 | 227,035 | 197,050 | 238,339 | 167,741 |
| Total Liabilities and Net Worth | \$214,092 | \$234,255 | \$231,617 | \$252,027 | \$268,451 | \$220,517 |

Totals may not add due to rounding.

Table 29**Federal Land Bank Associations Combined Statement of Income**

(Dollars in Thousands)

| For the Year Ended December 31 | 1986 | 1985 | Percent Change |
|---|--------------------|--------------------|-----------------|
| Income | | | |
| Applications and Loan Fees | \$ 15,161 | \$ 12,604 | 20.29 |
| Federal Land Bank Compensation | 175,620 | 161,720 | 8.60 |
| Dividend Interest | 0 | 2,309 | (100.00) |
| Interest Income from Notes Receivable and Investments | 26,142 | 51,852 | (49.58) |
| Financially Related Services | 6,738 | 8,469 | (20.44) |
| Other Operating Income | 2,977 | 8,388 | (64.51) |
| Gross Income | 226,638 | 245,342 | (7.62) |
| Expenses | | | |
| Directors' Expense | 4,973 | 6,895 | (27.88) |
| Salaries | 115,188 | 107,488 | 7.16 |
| Annual Leave | 1,761 | 211 | 734.60 |
| Employee Benefits | 23,503 | 26,654 | (11.82) |
| Purchased Services | 7,142 | 3,876 | 84.26 |
| Travel Expense | 8,077 | 8,569 | (5.74) |
| Cost of Space Occupied | 12,806 | 11,634 | 10.07 |
| Communications | 7,620 | 6,624 | 15.04 |
| Printing and Office Supplies | 2,930 | 1,894 | 54.70 |
| Furniture and Equipment Expense | 5,747 | 4,635 | 23.99 |
| Data Processing Service Center | 661 | 1,387 | (52.34) |
| Data Processing Services Purchased | 4,185 | 2,114 | 97.97 |
| Management Information Services | 0 | 0 | 0.00 |
| Advertising | 2,136 | 3,396 | (37.10) |
| Public and Member Relations | 3,284 | 4,286 | (23.38) |
| Training | 1,210 | 1,363 | (11.23) |
| Farmbank Services Expense | 3 | 0 | N/A |
| Abstracts, Record Reports, Filing, Etc. | 752 | 372 | 102.15 |
| Supervisory and Examination Expense | 2,553 | 878 | 190.77 |
| Other Expenses | 77,026 | 1,856 | 4050.11 |
| Subtotal | 281,557 | 194,132 | 45.03 |
| Miscellaneous Expense Credits | 2,849 | 1,928 | 47.77 |
| Total Operating Expenses | 278,708 | 192,204 | 45.01 |
| Net Gain (Loss) from Operations | (52,070) | 53,138 | (197.99) |
| Other Additions and Deductions: | | | |
| Interest on Investment - Buildings/Premises | (9) | 14 | (164.29) |
| Income (Expense) - Office Building or Premises | 172 | 61 | 181.97 |
| Income (Expense) - Land/Buildings (Investment) | 118 | (52) | (326.92) |
| Gain (Loss) - Sale of Investment | 244 | 0 | N/A |
| Other Gains (Losses) | (323,803) | (114,378) | 183.10 |
| Income (Expense) - Acquired Property | (1,098) | 0 | N/A |
| Net Profit (Loss) from Disposition of Acquired Property | (562) | 0 | N/A |
| Total Other Additions and Deductions | (324,938) | (164,178) | 97.92 |
| Net Gain (Loss) before Provision for Losses | (377,008) | (111,040) | 239.52 |
| Provision for Losses | 15,758 | 48,918 | (67.79) |
| Net Income (Loss) | \$(392,766) | \$(159,958) | 145.54 |

N/A Not Applicable.

Totals may not add due to rounding.

Table 30
Federal Land Banks Associations Statement of Income by District

(Dollars in Thousands)

| For the Year Ended December 31, 1986 | Springfield | Baltimore | Columbia | Louisville | Jackson | St. Louis |
|---|-----------------|---------------|---------------|-------------------|-------------------|-------------------|
| Income | | | | | | |
| Applications and Loan Fees | \$ 453 | \$ 5,343 | \$ 601 | \$ 206 | \$ 205 | \$ 30 |
| Federal Land Bank Compensation | 5,205 | 10,192 | 23,698 | 16,634 | 10,600 | 15,398 |
| Dividend Interest | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest Income from Notes Receivable and Investments | 1,450 | 4,378 | 12 | 2,039 | 22 | 13 |
| Financially Related Services | 151 | 1,009 | 1,222 | 2,131 | 56 | 470 |
| Other Operating Income | 24 | (25) | 13 | 72 | 8 | 124 |
| Gross Income | 7,283 | 20,897 | 25,546 | 21,082 | 10,891 | 16,035 |
| Expenses | | | | | | |
| Directors' Expense | 164 | 324 | 331 | 562 | 170 | 500 |
| Salaries | 3,911 | 7,419 | 13,739 | 10,249 | 6,531 | 9,143 |
| Annual Leave | 213 | 0 | 486 | 179 | 203 | 406 |
| Employee Benefits | 878 | 1,879 | 3,098 | 2,118 | 1,292 | 1,744 |
| Purchased Services | 88 | 151 | 468 | 94 | 50 | 42 |
| Travel Expense | 449 | 589 | 1,000 | 530 | 754 | 718 |
| Cost of Space Occupied | 241 | 773 | 1,502 | 1,268 | 754 | 1,165 |
| Communications | 230 | 464 | 877 | 800 | 444 | 654 |
| Printing and Office Supplies | 80 | 172 | 339 | 327 | 142 | 247 |
| Furniture and Equipment Expense | 181 | 268 | 623 | 402 | 281 | 295 |
| Data Processing Service Center | 0 | 203 | 0 | 93 | 0 | 59 |
| Data Processing Services Purchased | 275 | 38 | 505 | 122 | 0 | 28 |
| Management Information Services | 0 | 0 | 0 | 0 | 0 | 0 |
| Advertising | 88 | 178 | 281 | 287 | 32 | 261 |
| Public and Member Relations | 130 | 325 | 346 | 460 | 157 | 288 |
| Training | 57 | 99 | 105 | 84 | 9 | 145 |
| Farmbank Services Expense | 0 | 0 | 0 | 0 | 0 | 0 |
| Abstracts, Record Reports, Filing, Etc. | 10 | 20 | 32 | 78 | 0 | 24 |
| Supervisory and Examination Expense | 118 | 200 | 281 | 9 | 0 | 0 |
| Other Expenses | 173 | 89 | 396 | 698 | 26 | 120 |
| Subtotal | 7,286 | 13,191 | 24,409 | 18,360 | 10,845 | 15,839 |
| Miscellaneous Expense Credits | 9 | 2 | 398 | 0 | 0 | 0 |
| Total Operating Expenses | 7,277 | 13,189 | 24,011 | 18,360 | 10,845 | 15,839 |
| Net Gain (Loss) from Operations | 6 | 7,708 | 1,535 | 2,722 | 46 | 196 |
| Other Additions and Deductions: | | | | | | |
| Interest on Investments - Buildings/Premises | 0 | 4 | 0 | (20) | 0 | 0 |
| Income (Expense) - Office Building or Premises | 0 | 46 | 59 | 0 | 1 | 0 |
| Income (Expense) - Land/Buildings (Investment) | 53 | 2 | (8) | 0 | 0 | 3 |
| Gain (Loss) - Sale of Investment | 0 | 0 | 0 | 0 | 0 | 1 |
| Other Gains (Losses) | (206) | 16 | 90 | (6,818) | (66,308) | (75,150) |
| Income (Expense) - Acquired Property | 0 | (109) | 0 | 20 | 0 | 4 |
| Net Profit (Loss) from Disposition of Acquired Property | 0 | (212) | 0 | 0 | 0 | 0 |
| Total Other Additions and Deductions | (153) | (253) | 141 | (6,818) | (66,307) | (75,142) |
| Net Gain (Loss) before Provision for Losses | (147) | 7,455 | 1,676 | (4,096) | (66,261) | (74,946) |
| Provision for Losses | 0 | (233) | 0 | 1,004 | 0 | 0 |
| Net Income (Loss) | \$ (147) | 7,688 | 1,676 | \$ (5,100) | \$(66,261) | \$(74,946) |

Totals may not add due to rounding.

Table 30 (continued)**Federal Land Banks Associations Statement of Income by District**

(Dollars in Thousands)

| For the Year December 31, 1986 | St. Paul | Omaha | Wichita | Texas | Sacramento | Spokane |
|---|--------------------|---------------|---------------|-------------------|-------------------|-------------------|
| Income | | | | | | |
| Applications and Loan Fees | \$ 548 | \$ 4,975 | \$ 108 | \$ 2,094 | \$ (115) | \$ 712 |
| Federal Land Bank Compensation | 35,891 | 20,661 | 17,239 | 7,154 | 3,026 | 9,923 |
| Dividend Interest | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest Income from Notes Receivable and Investments | 1,727 | 42 | 42 | 10,037 | 1,201 | 5,177 |
| Financially Related Services | 1,066 | 0 | 1 | 260 | 142 | 230 |
| Other Operating Income | 1,352 | 935 | 45 | 41 | 2 | 387 |
| Gross Income | 40,584 | 26,613 | 17,435 | 19,586 | 4,256 | 16,429 |
| Expenses | | | | | | |
| Directors' Expense | 909 | 402 | 335 | 619 | 440 | 219 |
| Salaries | 19,359 | 14,240 | 10,969 | 6,099 | 6,601 | 6,927 |
| Annual Leave | 177 | 0 | 4 | 92 | 0 | 0 |
| Employee Benefits | 3,387 | 3,080 | 1,724 | 1,481 | 1,343 | 1,479 |
| Purchased Services | 1,476 | 2,811 | 201 | 1,484 | 138 | 136 |
| Travel Expense | 1,268 | 528 | 709 | 589 | 577 | 367 |
| Cost of Space Occupied | 2,069 | 1,861 | 1,029 | 601 | 792 | 752 |
| Communications | 1,474 | 872 | 716 | 356 | 378 | 354 |
| Printing and Office Supplies | 732 | 230 | 299 | 92 | 127 | 145 |
| Furniture and Equipment Expense | 1,151 | 1,095 | 849 | 189 | 221 | 191 |
| Data Processing Service Center | 303 | (1) | 1 | 0 | 0 | 0 |
| Data Processing Services Purchased | 1,261 | 1,319 | 2 | 0 | 240 | 395 |
| Management Information Services | 0 | 0 | 0 | 0 | 0 | 0 |
| Advertising | 370 | 76 | 173 | 249 | 51 | 89 |
| Public and Member Relations | 570 | 201 | 182 | 207 | 295 | 122 |
| Training | 399 | 101 | 89 | 66 | 48 | 8 |
| Farmbank Services Expense | 3 | 0 | 0 | 0 | 0 | 0 |
| Abstracts, Record Reports, Filing, Etc. | 160 | 291 | 38 | 15 | 12 | 71 |
| Supervisory and Examination Expense | 1,009 | 937 | 0 | 0 | 0 | 0 |
| Other Expenses | 648 | 342 | 211 | 41 | 31,072 | 43,211 |
| Subtotal | 36,725 | 28,385 | 17,531 | 12,180 | 42,335 | 54,466 |
| Miscellaneous Expense Credits | 14 | 2,068 | 140 | 173 | 46 | 0 |
| Total Operating Expenses | 36,711 | 26,317 | 17,391 | 12,007 | 42,289 | 54,466 |
| Net Gain (Loss) from Operations | 3,873 | 296 | 44 | 7,579 | (38,033) | (38,037) |
| Other Additions and Deductions: | | | | | | |
| Interest on Investment - Buildings/Premises | 0 | 0 | 5 | 4 | 0 | 0 |
| Income (Expense) - Office Building or Premises | 5 | 52 | 10 | 0 | 0 | 0 |
| Income (Expense) - Land/Buildings (Investment) | 27 | 21 | 1 | (2) | 7 | 16 |
| Gain (Loss) - Sale of Investment | (189) | 0 | 0 | 0 | 433 | 0 |
| Other Gains (Losses) | (162,571) | (368) | (60) | 18 | 37 | (12,485) |
| Income (Expense) -Acquired Property | (28) | 0 | 0 | (13) | 9 | (982) |
| Net Profit (Loss) from Disposition of Acquired Property | (227) | (1) | 0 | (15) | 2 | (109) |
| Total Other Additions and Deductions | (162,983) | (296) | (44) | 8 | 488 | (13,560) |
| Net Gain (Loss) before Provision for Losses | (159,110) | 0 | 0 | 7,571 | (37,545) | (51,597) |
| Provision for Losses | 1,042 | 0 | 0 | 12,331 | 0 | 1,615 |
| Net Income (Loss) | \$(160,152) | \$ 0 | \$ 0 | \$ (4,760) | \$(37,545) | \$(53,212) |

Totals may not add due to rounding.

Table 31**District Federal Land Bank Associations Nonperforming Loans, Chargeoffs and Financial Ratios**

(Dollars in Millions)

| For the Year Ended December 31, 1986 | Springfield | Baltimore | Columbia | Louisville | Jackson | St. Louis |
|--------------------------------------|-------------|-----------|----------|------------|----------|-----------|
| Nonperforming Loans | N/A | N/A | N/A | N/A | N/A | N/A |
| Formally Restructured | N/A | N/A | N/A | N/A | N/A | N/A |
| Other Restructured and Reduced Rate | N/A | N/A | N/A | N/A | N/A | N/A |
| Other High Risk | N/A | N/A | N/A | N/A | N/A | N/A |
| Nonaccrual | N/A | N/A | N/A | N/A | N/A | N/A |
| Net Loan Chargeoffs | \$(0.5) | * | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| Selected Ratios | | | | | | |
| Return on Assets | (0.20%) | 4.31% | 0.57% | (2.05%) | (53.01%) | (29.75%) |
| Return on Equity | (0.20%) | 5.01% | 0.58% | (2.44%) | (55.16%) | (30.88%) |
| Net Interest Margin | N/A | N/A | N/A | N/A | N/A | N/A |
| As of December 31, 1986 | | | | | | |
| Capital as a % of Assets | 98.79% | 85.80% | 98.26% | 95.37% | 88.15% | 93.51% |
| Debt-to-Capital (:1) | 1.23 | 16.55 | 1.77 | 4.86 | 13.44 | 6.94 |

Components may not add to totals due to rounding.

* Less than \$50,000 net chargeoff.

N/A Not applicable.

Table 31 (continued)**District Federal Land Bank Associations Nonperforming Loans, Chargeoffs and Financial Ratios**

(Dollars in Millions)

| For the Year Ended December 31, 1986 | St. Paul | Omaha | Wichita | Texas | Sacramento | Spokane |
|--------------------------------------|----------|--------|---------|---------|------------|----------|
| Nonperforming Loans | N/A | N/A | N/A | N/A | N/A | N/A |
| Formally Restructured | N/A | N/A | N/A | N/A | N/A | N/A |
| Other Restructured and Reduced Rate | N/A | N/A | N/A | N/A | N/A | N/A |
| Other High Risk | N/A | N/A | N/A | N/A | N/A | N/A |
| Nonaccrual | N/A | N/A | N/A | N/A | N/A | N/A |
| Net Loan Chargeoffs | \$ 0.3 | \$ 0.0 | \$ 0.0 | \$ 0.3 | \$ 0.0 | \$19.2 |
| Selected Ratios | | | | | | |
| Return on Assets | (41.42%) | 0.00% | 0.00% | (1.86%) | (13.40%) | (21.55%) |
| Return on Equity | (47.57%) | 0.00% | 0.00% | (2.23%) | (14.02%) | (24.61%) |
| Net Interest Margin | N/A | N/A | N/A | N/A | N/A | N/A |
| As of December 31, 1986 | | | | | | |
| Capital as a % of Assets | 84.83% | 91.87% | 98.02% | 78.17% | 88.78% | 76.07% |
| Debt-to-Capital (:1) | 17.88 | 8.85 | 2.02 | 27.93 | 12.63 | 31.46 |

Components may not add to totals due to rounding.

Table 32
Federal Intermediate Credit Banks Combined Statement of Condition

(Dollars in Thousands)

| As of December 31 | 1986 | 1985 | Percent Change |
|---|---------------------|---------------------|----------------|
| Assets | | | |
| Loans and Discounts: PCAs | \$10,212,202 | \$12,928,713 | (21.01) |
| Other Financial Institutions | 275,034 | 536,877 | (48.77) |
| Participation Loans - PCAs | 36,382 | 61,985 | (41.30) |
| Other Participations | 3,402 | 3,092 | 10.02 |
| Sales Contracts, Notes, Etc. | 5,915 | 3,810 | 55.24 |
| Farm Credit Leasing Services Corp. | 0 | 0 | 0.00 |
| Nonaccrual | 172,327 | 193,084 | (10.75) |
| Accrued Interest Receivable on Loans | 220,462 | 323,053 | (31.75) |
| Gross Loan and Discount Items | 10,925,724 | 14,050,614 | (22.24) |
| Less: Allowance for Losses | 81,253 | 144,914 | (43.93) |
| Less: Unapplied Loan Payments | 27,187 | 36,449 | (25.41) |
| Net Loan and Discount Items | 10,817,284 | 13,869,251 | (22.00) |
| Cash | 86,722 | 73,073 | 18.67 |
| Investments: U.S. Government Securities (Par) | 130,395 | 122,995 | 6.01 |
| Securities Government Supervised Institutions (Par) | 49,700 | 100,225 | (50.41) |
| Other Securities and Federal Funds | 3,265,099 | 1,850,468 | 76.44 |
| Investment in DBC Bankers Acceptances (Par) | 0 | 40,500 | (100.00) |
| Unamortized Premium or Discount (Net) | (8,677) | (4,785) | 81.33 |
| Unamortized Defer Gain/Loss Security Sales (Net) | 153 | 324 | (52.77) |
| Total Investment in Securities | 3,436,670 | 2,109,727 | 62.89 |
| Investments in PCAs: Paid in Surplus (Net) | (750) | (450) | 66.66 |
| Class A Stock | 0 | 0 | 0.00 |
| Class B Stock | 0 | 2,589 | (100.00) |
| Class D Stock | 30,898 | 47,534 | (34.99) |
| Total Investments in PCAs | 30,148 | 49,673 | (39.30) |
| Investments in Farm Credit Institutions | 6,646 | 0 | 0.00 |
| Notes Receivable Farm Credit Banks and Others | 59,388 | 170,598 | (65.18) |
| Accounts Receivable | 12,212 | 50,620 | (75.87) |
| Accrued Interest Receivable - Other Farm Credit Banks | 422 | 1,085 | (61.10) |
| Accrued Interest Receivable - Investments | 16,063 | 11,113 | 44.54 |
| Acquired Property | 47,382 | 28,623 | 65.53 |
| Less: Allowance for Losses | 12,186 | 6,037 | 101.85 |
| Less: Accumulated Depreciation | 0 | 2 | (100.00) |
| Net Acquired Property | 35,196 | 22,584 | 55.84 |
| Land, Buildings, and Equipment | 71,962 | 80,048 | (10.10) |
| Less: Accumulated Depreciation | 18,914 | 14,369 | 31.63 |
| Net Land, Buildings, and Equipment | 53,048 | 65,679 | (19.23) |
| Prepaid Expenses and Other Assets | 17,738 | 25,708 | (31.00) |
| Total Assets | \$14,571,537 | \$16,449,111 | (11.41) |
| Liabilities and Net Worth | | | |
| Notes Payable: Other Farm Credit Banks | \$ 33,156 | \$ 8,402 | 294.62 |
| Consolidated Systemwide Notes | 3,632,406 | 2,800,471 | 29.70 |
| Commercial Banks and Other | 381,578 | 279,952 | 36.30 |
| Securities Sold Under Agreement to Repurchase | 25,000 | 0 | 0.00 |
| Total Notes Payable | 4,072,140 | 3,088,825 | 31.83 |
| Accounts Payable | 183,424 | 117,242 | 56.44 |
| Accrued Interest Payable | 191,589 | 344,730 | (44.42) |
| Unmatured Consolidated and Systemwide Bonds | 8,222,967 | 11,024,436 | (25.41) |
| Less: Unamortized Discounts and Premiums | (1,597) | 0 | 0.00 |
| Less: Consolidated Bonds Owned | 88,239 | 88,154 | 0.09 |
| Net Consolidated and Systemwide Bonds Outstanding | 8,136,325 | 10,936,282 | (25.60) |
| Unmatured Farm Credit Investment Bonds Outstanding | 25,831 | 28,218 | (8.45) |
| Matured Farm Credit Investment Bonds Outstanding | 3 | 3 | 0.00 |
| Other Liabilities | 138,705 | 66,778 | 107.71 |
| Total Liabilities | 12,748,017 | 14,582,078 | (12.57) |
| Capital Stock: Class B Stock - PCAs | 1,332,064 | 1,341,253 | (0.68) |
| Participation Certificates | 41,569 | 61,287 | (32.17) |
| Total Capital Stock | 1,373,633 | 1,402,540 | (2.06) |
| Earned Net Worth: Surplus Reserved | 63,067 | 63,067 | 0.00 |
| Surplus Unallocated | 22,459 | 30,913 | (27.34) |
| Legal Reserve | 345,808 | 356,385 | (2.96) |
| Reserve for Contingencies - Unallocated | 18,555 | 14,127 | 31.34 |
| Undistributed Earnings | 0 | 0 | 0.00 |
| Total Earned Net Worth | 449,889 | 464,492 | (3.14) |
| Total Net Worth | 1,823,522 | 1,867,032 | (2.33) |
| Total Liabilities and Net Worth | \$14,571,539 | \$16,449,110 | (11.41) |

Totals may not add due to rounding.

Table 33**Federal Intermediate Credit Banks Statement of Condition by District**

(Dollars in Thousands)

| As of December 31, 1986 | Springfield | Baltimore | Columbia | Louisville | Jackson | St. Louis |
|---|------------------|------------------|--------------------|--------------------|------------------|------------------|
| Assets | | | | | | |
| Loans and Discounts: PCAs | \$515,107 | \$635,109 | \$ 957,966 | \$ 888,805 | \$417,314 | \$549,841 |
| Other Financial Institutions | 0 | 0 | 970 | 0 | 53,060 | 11,348 |
| Participation Loans - PCAs | 0 | 23,578 | 0 | 0 | 0 | 336 |
| Other Participations | 0 | 0 | 0 | 0 | 0 | 0 |
| Sales Contracts, Notes, Etc. | 0 | 64 | 2,204 | 0 | 904 | 0 |
| Farm Credit Leasing Services Corp. | 0 | 0 | 0 | 0 | 0 | 0 |
| Nonaccrual | 877 | 988 | 25,242 | 2,909 | 10,909 | 1,711 |
| Accrued Interest Receivable on Loans | 0 | 4,422 | 7,241 | 53,382 | 10,970 | 13,206 |
| Gross Loan and Discount Items | 515,984 | 664,161 | 993,623 | 945,096 | 493,157 | 576,442 |
| Less: Allowance for Losses | 169 | 883 | 7,777 | 5,555 | 2,590 | 5,500 |
| Less: Unapplied Loan Payments | 0 | 0 | 0 | 0 | 0 | 11,042 |
| Net Loan and Discount Items | 515,815 | 663,278 | 985,846 | 939,541 | 490,567 | 559,900 |
| Cash | 4,355 | (2,911) | 87 | 4,407 | 696 | 12,719 |
| Investments: U.S. Government Securities (Par) | 0 | 1,470 | 0 | 27,000 | 0 | 0 |
| Securities Government Supervised Institutions (Par) | 0 | 0 | 5,600 | 10,000 | 0 | 0 |
| Other Securities and Federal Funds | 115,000 | 153,607 | 265,327 | 120,496 | 105,749 | 229,453 |
| Investment in DBC Bankers Acceptances (Par) | 0 | 0 | 0 | 0 | 0 | 0 |
| Unamortized Premium or Discount (Net) | 0 | (8) | (30) | (453) | 0 | 0 |
| Unamortized Defer Gain/Loss Security Sales (Net) | 0 | 0 | 153 | 0 | 0 | 0 |
| Total Investment in Securities | 115,000 | 155,069 | 271,050 | 157,043 | 105,749 | 229,453 |
| Investments in PCAs: Paid in Surplus (Net) | 0 | 0 | 0 | 0 | 0 | 0 |
| Class A Stock | 0 | 0 | 0 | 0 | 0 | 0 |
| Class B Stock | 0 | 0 | 0 | 0 | 0 | 0 |
| Class D Stock | 0 | 0 | 4,223 | 0 | 10,589 | 5,417 |
| Total Investments in PCAs | 0 | 0 | 4,223 | 0 | 10,589 | 5,417 |
| Investments in Farm Credit Institutions | 170 | 292 | 2,762 | 411 | 154 | 414 |
| Notes Receivable Farm Credit Banks and Other | 903 | 9,907 | 0 | 4,000 | 5,525 | 0 |
| Accounts Receivable | 186 | 208 | 872 | 1,625 | 331 | 388 |
| Accrued Interest Receivable - Other Farm Credit Banks | 3 | 55 | 0 | 16 | 50 | 0 |
| Accrued Interest Receivable - Investments | 386 | 487 | 2,126 | 594 | 1,714 | 577 |
| Acquired Property | 194 | 224 | 6,181 | 643 | 11,744 | 354 |
| Less: Allowance for Losses | 0 | 13 | 597 | 0 | 2,432 | 9 |
| Less: Accumulated Depreciation | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Acquired Property | 194 | 211 | 5,584 | 570 | 9,312 | 345 |
| Land, Buildings, and Equipment | 4,161 | 0 | 2,626 | 4,810 | 8,231 | 11,412 |
| Less: Accumulated Depreciation | 334 | 0 | 1,354 | 914 | 1,239 | 3,653 |
| Net Land, Buildings, and Equipment | 3,827 | 0 | 1,272 | 3,896 | 6,992 | 7,759 |
| Prepaid Expenses and Other Assets | 227 | 488 | 1,432 | 1,577 | 825 | 751 |
| Total Assets | \$641,066 | \$827,084 | \$1,275,254 | \$1,113,680 | \$632,504 | \$817,723 |
| Liabilities and Net Worth | | | | | | |
| Notes Payable: Other Farm Credit Banks | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 20,033 | \$ 0 |
| Consolidated Systemwide Notes | 131,247 | 224,431 | 121,521 | 44,755 | 117,281 | 183,827 |
| Commercial Banks and Other | 0 | 20,104 | 35,720 | 30,639 | 15,559 | 23,111 |
| Securities Sold Under Agreement to Repurchase | 0 | 0 | 0 | 25,000 | 0 | 0 |
| Total Notes Payable | 131,247 | 244,535 | 157,241 | 100,394 | 152,873 | 206,938 |
| Accounts Payable | 7,233 | 8,839 | 15,504 | 11,847 | 5,603 | 10,176 |
| Accrued Interest Payable | 8,334 | 11,345 | 14,517 | 21,926 | 7,909 | 10,087 |
| Unmatured Consolidated and Systemwide Bonds | 425,500 | 462,000 | 858,250 | 719,523 | 368,630 | 445,000 |
| Less: Unamortized Discounts and Premiums | 109 | 17 | (167) | (567) | 168 | 0 |
| Less: Consolidated Bonds Owned | 0 | 0 | 38,000 | 0 | 0 | 0 |
| Net Consolidated & Systemwide Bonds Outstanding | 425,391 | 461,983 | 820,417 | 720,090 | 368,462 | 445,000 |
| Unmatured Farm Credit Investment Bonds Outstanding | 0 | 25,825 | 0 | 0 | 0 | 0 |
| Matured Farm Credit Investment Bonds Outstanding | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Liabilities | 9,673 | 286 | 552 | 92 | 113 | 360 |
| Total Liabilities | 581,878 | 752,813 | 1,008,231 | 854,349 | 534,960 | 672,561 |
| Capital Stock: Class B Stock - PCAs | 42,209 | 50,477 | 185,949 | 181,417 | 67,826 | 103,388 |
| Participation Certificates | 0 | 0 | 196 | 42 | 5,616 | 1,193 |
| Total Capital Stock | 42,209 | 50,477 | 186,145 | 181,459 | 73,442 | 104,581 |
| Earned Net Worth: Surplus Reserved | 4,593 | 4,177 | 3,701 | 5,273 | 4,105 | 4,819 |
| Surplus Unallocated | 367 | 431 | 2,092 | 3,153 | 32 | 1,274 |
| Legal Reserve | 12,021 | 17,472 | 72,017 | 59,250 | 19,965 | 34,487 |
| Reserve for Contingencies - Unallocated | 0 | 1,718 | 3,064 | 10,195 | 0 | 0 |
| Undistributed Earnings | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Earned Net Worth | 16,981 | 23,798 | 80,874 | 77,871 | 24,102 | 40,580 |
| Total Net Worth | 59,190 | 74,275 | 267,019 | 259,330 | 97,544 | 145,161 |
| Total Liabilities and Net Worth | \$641,068 | \$827,088 | \$1,275,250 | \$1,113,679 | \$632,504 | \$817,722 |

Totals may not add due to rounding.

Table 33 (continued)**Federal Intermediate Credit Banks Statement of Condition by District**

(Dollars in Thousands)

| As of December 31, 1986 | St. Paul | Omaha | Wichita | Texas | Sacramento | Spokane |
|---|--------------------|------------------|------------------|--------------------|--------------------|------------------|
| Assets | | | | | | |
| Loans and Discounts: PCAs | \$1,872,976 | \$635,310 | \$560,356 | \$ 713,329 | \$1,998,189 | \$467,901 |
| Other Financial Institutions | 20,358 | 2,333 | 42,758 | 97,980 | 43,754 | 2,473 |
| Participation Loans - PCAs | 0 | 0 | 0 | 2,132 | 10,335 | 0 |
| Other Participations | (493) | 0 | 0 | 0 | 0 | 3,895 |
| Sales Contracts, Notes, Etc. | 142 | 113 | 0 | 1,934 | 554 | 0 |
| Farm Credit Leasing Services Corp. | 0 | 0 | 0 | 0 | 0 | 0 |
| Nonaccrual | 6,772 | 51,476 | 1,667 | 53,798 | 3,747 | 12,233 |
| Accrued Interest Receivable on Loans | 50,245 | 5,733 | 5,046 | 5,798 | 60,708 | 3,710 |
| Gross Loan and Discount Items | 1,950,000 | 694,965 | 609,827 | 874,971 | 2,117,287 | 490,212 |
| Less: Allowance for Losses | 4,246 | 11,400 | 24,319 | 14,167 | 1,504 | 3,142 |
| Less: Unapplied Loan Payments | 16,049 | 0 | 0 | 93 | 0 | 3 |
| Net Loan and Discount Items | 1,929,705 | 683,565 | 585,508 | 860,711 | 2,115,783 | 487,067 |
| Cash | 19,314 | 3,167 | 2,333 | 475 | 37,501 | 4,580 |
| Investments: U.S. Government Securities (Par) | 78,000 | 3,925 | 15,000 | 0 | 0 | 5,000 |
| Securities Government Supervised Institutions (Par) | 0 | 100 | 0 | 0 | 0 | 34,000 |
| Other Securities and Federal Funds | 504,621 | 167,681 | 49,997 | 759,484 | 684,086 | 109,599 |
| Investment in DBC Bankers Acceptances (Par) | 0 | 0 | 0 | 0 | 0 | 0 |
| Unamortized Premium or Discount (Net) | (4,826) | (347) | 194 | (814) | (831) | (1,562) |
| Unamortized Defer Gain/Loss Security Sales (Net) | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Investment in Securities | 577,795 | 171,359 | 65,191 | 758,670 | 683,255 | 147,037 |
| Investments in PCAs: Paid in Surplus (Net) | 0 | 0 | 0 | (750) | 0 | 0 |
| Class A Stock | 0 | 0 | 0 | 0 | 0 | 0 |
| Class B Stock | 0 | 0 | 0 | 0 | 0 | 0 |
| Class D Stock | 0 | 0 | 4,900 | 1,770 | 0 | 4,000 |
| Total Investments in PCAs | 0 | 0 | 4,900 | 1,020 | 0 | 4,000 |
| Investments in Farm Credit Institutions | 684 | 203 | 407 | 410 | 195 | 545 |
| Notes Receivable Farm Credit Banks and Others | 1,084 | 12,949 | 14,599 | 8,221 | 2,199 | 0 |
| Accounts Receivable | 2,673 | 1,645 | 2,021 | 612 | 1,486 | 168 |
| Accrued Interest Receivable - Other Farm Credit Banks | 79 | 119 | 25 | 35 | 27 | 13 |
| Accrued Interest Receivable - Investments | 932 | 1,454 | 519 | 2,487 | 4,493 | 294 |
| Acquired Property | 987 | 4,568 | 368 | 4,819 | 17,239 | 61 |
| Less: Allowance for Losses | 57 | 3,200 | 22 | 614 | 5,170 | 0 |
| Less: Accumulated Depreciation | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Acquired Property | 930 | 1,368 | 346 | 4,205 | 12,069 | 61 |
| and, Buildings, and Equipment | 15,271 | 2,175 | 4,484 | 11,648 | 6,055 | 1,089 |
| Less: Accumulated Depreciation | 4,958 | 1,204 | 1,694 | 1,144 | 2,124 | 297 |
| Net Land, Buildings, and Equipment | 10,313 | 971 | 2,790 | 10,504 | 3,931 | 792 |
| Prepaid Expenses and Other Assets | 2,410 | 4,109 | 1,118 | 1,606 | 2,085 | 1,110 |
| Total Assets | \$2,545,919 | \$880,909 | \$679,757 | \$1,648,956 | \$2,863,024 | \$645,667 |
| Liabilities and Net Worth | | | | | | |
| Notes Payable: Other Farm Credit Banks | \$ 1,323 | \$ 0 | \$ 0 | \$ 0 | \$ 11,800 | \$ 0 |
| Consolidated Systemwide Notes | 539,012 | 163,263 | 170,046 | 685,910 | 1,135,048 | 116,066 |
| Commercial Banks and Other | 69,053 | 31,643 | 22,060 | 37,117 | 76,263 | 20,309 |
| Securities Sold Under Agreement to Repurchase | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Notes Payable | 609,388 | 194,906 | 192,106 | 723,027 | 1,223,111 | 136,375 |
| Accounts Payable | 25,216 | 45,082 | 8,159 | 11,938 | 23,706 | 10,126 |
| Accrued Interest Payable | 36,677 | 13,230 | 9,235 | 13,806 | 35,755 | 8,766 |
| Unmatured Consolidated and Systemwide Bonds | 1,552,519 | 525,932 | 324,159 | 791,664 | 1,341,735 | 408,055 |
| Less: Unamortized Discounts and Premiums | 599 | 28 | (1,780) | (272) | 267 | 0 |
| Less: Consolidated Bonds Owned | 239 | 50,000 | 0 | 0 | 0 | 0 |
| Net Consolidated & Systemwide Bonds Outstanding | 1,551,681 | 475,904 | 325,939 | 791,936 | 1,341,468 | 408,055 |
| Unmatured Farm Credit Investment Bonds Outstanding | 6 | 0 | 0 | 0 | 0 | 0 |
| Matured Farm Credit Investment Bonds Outstanding | 3 | 0 | 0 | 0 | 0 | 0 |
| Other Liabilities | 85,720 | 932 | 1,490 | 3,380 | 34,976 | 1,130 |
| Total Liabilities | 2,308,691 | 730,054 | 536,929 | 1,544,087 | 2,659,016 | 564,452 |
| Capital Stock: Class B Stock - PCAs | 201,574 | 135,681 | 97,226 | 57,557 | 147,251 | 61,511 |
| Participation Certificates | 3,948 | 7,147 | 6,727 | 7,850 | 4,203 | 4,646 |
| Total Capital Stock | 205,522 | 142,828 | 103,953 | 65,407 | 151,454 | 66,157 |
| Earned Net Worth: Surplus Reserved | 7,049 | 6,069 | 5,257 | 7,593 | 4,541 | 5,890 |
| Surplus Unallocated | 1,818 | 1,244 | 1,507 | 9,720 | 0 | 821 |
| Legal Reserve | 22,839 | 0 | 32,111 | 22,150 | 48,013 | 5,484 |
| Reserve for Contingencies - Unallocated | 0 | 713 | 0 | 0 | 0 | 2,865 |
| Undistributed Earnings | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Earned Net Worth | 31,706 | 8,026 | 38,875 | 39,463 | 52,554 | 15,060 |
| Total Net Worth | 237,228 | 150,854 | 142,828 | 104,870 | 204,008 | 81,217 |
| Total Liabilities and Net Worth | \$2,545,919 | \$880,908 | \$679,757 | \$1,648,957 | \$2,863,024 | \$645,669 |

Totals may not add due to rounding.

Table 34**Federal Intermediate Credit Banks Combined Statement of Income**

(Dollars in Thousands)

| For the Year Ended December 31 | 1986 | 1985 | Percent Change |
|---|------------------|--------------------|-----------------|
| Income | | | |
| Loan Interest Income: Loans and Discounts | \$1,173,570 | \$1,672,489 | (29.83) |
| Sales Contracts | 392 | 298 | 31.54 |
| Notes Receivable Other Farm Credit Banks | 5,087 | 3,170 | 60.47 |
| Other Interest Income | 405 | 190 | 113.15 |
| Total Interest Income from Loans | 1,179,454 | 1,676,147 | (29.63) |
| Income from Investments (Net) | 140,764 | 121,988 | 15.39 |
| Other Operating Income | 3,630 | (13,266) | (127.36) |
| Gross Income | 1,323,848 | 1,784,869 | (25.82) |
| Notes and Bonds Expense: Cost of Bonds | 816,559 | 1,344,580 | (39.27) |
| Interest on Notes Payable | 221,721 | 164,796 | 34.54 |
| Total Cost of Borrowed Funds | 1,038,280 | 1,509,376 | (31.21) |
| Compensation Expense - Participations Purchased | 394 | 81 | 386.41 |
| Operating Expense | 102,509 | 104,372 | (1.78) |
| Total Expenses | 1,141,183 | 1,613,829 | (29.28) |
| Net Gain (Loss) from Operations | 182,665 | 171,040 | 6.79 |
| Other Additions/Deductions: | | | |
| Profit (Loss) - Sale of Investment | 1,222 | 26 | 4600.00 |
| Income (Expense) - Other | 99 | 88 | 12.50 |
| Net Profit (Loss) - Acquired Property | (314) | (1) | *** ***(1) |
| Provision for Losses - Acquired Property | (6,908) | (4,065) | 69.93 |
| Income (Expense) - Loss Sharing | (23,722) | 0 | 0.00 |
| Income (Expense) - Capital Corp. Assessments | 0 | 0 | 0.00 |
| Other Gains (Losses) | (156,545) | (96,118) | 62.86 |
| Total Other Additions and Deductions | (186,168) | (100,070) | 86.03 |
| Net Gain (Loss) before Provision for Losses | (3,503) | 70,970 | (104.93) |
| Provision for Losses on Loans | (15,591) | 160,276 | (109.72) |
| Net Income (Loss) | \$ 12,088 | \$ (89,306) | (113.53) |

(1) Percent Change exceeds 9999.99 or (999.99).

Totals may not add due to rounding.

Table 35
Federal Intermediate Credit Banks Statement of Income by District

| (Dollars in Thousands) | | | | | | |
|---|-------------------|-------------------|------------------|------------------|-------------------|-------------------|
| For the Year Ended December 31, 1986 | Springfield | Baltimore | Columbia | Louisville | Jackson | St. Louis |
| Income | | | | | | |
| Loan Interest Income: Loans and Discounts | \$49,224 | \$57,798 | \$116,477 | \$ 97,399 | \$48,201 | \$62,667 |
| Sales Contracts | 0 | 47 | 105 | 0 | 0 | 0 |
| Notes Receivable Other Farm Credit Banks | 273 | 966 | 197 | 406 | 500 | 418 |
| Other Interest Income | 2 | 0 | 0 | 5 | 0 | 0 |
| Total Interest Income from Loans | 49,499 | 58,811 | 116,779 | 97,810 | 48,701 | 63,085 |
| Income from Investments (Net) | 4,733 | 7,882 | 11,100 | 8,488 | 3,116 | 8,283 |
| Other Operating Income | 151 | 192 | 396 | 32 | 81 | 291 |
| Gross Income | 54,383 | 66,885 | 128,275 | 106,330 | 51,898 | 71,659 |
| Notes and Bonds Expense: Cost of Bonds | 34,318 | 45,441 | 79,940 | 72,862 | 38,045 | 45,223 |
| Interest on Notes Payable | 9,028 | 11,096 | 13,120 | 5,545 | 5,414 | 10,848 |
| Total Cost of Borrowed Funds | 43,346 | 56,537 | 93,060 | 78,407 | 43,459 | 56,071 |
| Compensation Expense - Participations Purchased | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Expense | 6,820 | 5,697 | 7,265 | 8,400 | 4,991 | 11,513 |
| Total Expenses | 50,166 | 62,234 | 100,325 | 86,807 | 48,450 | 67,584 |
| Net Gain (Loss) from Operations | 4,217 | 4,651 | 27,950 | 19,523 | 3,448 | 4,075 |
| Other Additions/Deductions: | | | | | | |
| Profit (Loss) - Sale of Investment | 0 | 0 | 0 | 920 | 0 | 0 |
| Income (Expense) - Other | 0 | 0 | 0 | 0 | 26 | 0 |
| Net Profit (Loss) - Acquired Property | (1) | (2) | (191) | (13) | (2) | 24 |
| Provision for Losses - Acquired Property | 0 | (8) | (515) | (38) | 1 | 0 |
| Income (Expense) - Loss Sharing | 0 | 0 | (12,480) | (11,243) | 0 | 0 |
| Income (Expense) - Capital Corp. Assessments | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Gains (Losses) | (5,408) | (6,954) | 24 | 18,482 | (3,107) | (8,703) |
| Total Other Additions and Deductions | (5,409) | (6,964) | (13,162) | 8,108 | (3,084) | (8,679) |
| Net Gain (Loss) before Provision for Losses | (1,192) | (2,313) | 14,788 | 27,631 | 364 | (4,604) |
| Provision for Losses on Loans | 0 | 21 | (3,720) | 446 | 1,661 | 0 |
| Net Income (Loss) | \$ (1,192) | \$ (2,334) | \$ 18,508 | \$ 27,185 | \$ (1,297) | \$ (4,604) |
| Totals may not add due to rounding. | | | | | | |

Table 35 (continued)
Federal Intermediate Credit Banks Statement of Income by District

| (Dollars in Thousands) | | | | | | |
|---|--------------------|---------------|-------------------|-------------------|-------------------|-----------------|
| For the Year Ended December 31, 1986 | St. Paul | Omaha | Wichita | Texas | Sacramento | Spokane |
| Income | | | | | | |
| Loan Interest Income: Loans and Discounts | \$223,719 | \$87,989 | \$ 71,634 | \$ 84,565 | \$215,190 | \$58,708 |
| Sales Contracts | 6 | 95 | 0 | 211 | 17 | 0 |
| Notes Receivable Other Farm Credit Banks | 1,498 | 6 | 60 | 202 | 134 | 339 |
| Other Interest Income | 1 | 126 | 241 | 0 | 32 | 0 |
| Total Interest Income from Loans | 225,224 | 88,219 | 71,935 | 84,978 | 215,373 | 59,047 |
| Income from Investments (Net) | 22,269 | 7,671 | 5,264 | 29,791 | 24,258 | 7,909 |
| Other Operating Income | 674 | 341 | 257 | 373 | 827 | 17 |
| Gross Income | 248,167 | 96,231 | 77,456 | 115,142 | 240,458 | 66,973 |
| Notes and Bonds Expense: Cost of Bonds | 161,034 | 59,682 | 39,653 | 61,379 | 139,355 | 39,624 |
| Interest on Notes Payable | 33,016 | 9,444 | 14,995 | 35,767 | 60,933 | 12,515 |
| Total Cost of Borrowed Funds | 194,050 | 69,126 | 54,648 | 97,146 | 200,288 | 52,139 |
| Compensation Expense - Participations Purchased | 0 | 0 | 0 | 0 | 0 | 394 |
| Operating Expense | 14,253 | 9,326 | 7,237 | 8,352 | 11,219 | 7,434 |
| Total Expenses | 208,303 | 78,452 | 61,885 | 105,498 | 211,507 | 59,967 |
| Net Gain (Loss) from Operations | 39,864 | 17,779 | 15,571 | 9,644 | 28,951 | 7,006 |
| Other Additions/Deductions: | | | | | | |
| Profit (Loss) - Sale of Investment | 149 | 43 | 0 | 0 | 0 | 110 |
| Income (Expense) - Other | 0 | 25 | 0 | 120 | 0 | (74) |
| Net Profit (Loss) - Acquired Property | (6) | 98 | (2) | 38 | (245) | (9) |
| Provision for Losses - Acquired Property | (35) | (1,810) | (13) | 242 | (4,736) | 0 |
| Income (Expense) - Loss Sharing | 0 | 0 | 0 | 0 | 0 | 0 |
| Income (Expense) - Capital Corp. Assessments | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Gains (Losses) | (90,757) | (9,595) | (8,189) | (11,938) | (23,569) | (6,830) |
| Total Other Additions and Deductions | (90,649) | (11,239) | (8,204) | (11,538) | (28,550) | (6,803) |
| Net Gain (Loss) before Provision for Losses | (50,785) | 6,540 | 7,367 | (1,894) | 401 | 203 |
| Provision for Losses on Loans | (37,992) | 5,828 | 10,451 | 2,809 | 3,820 | 1,084 |
| Net Income (Loss) | \$ (12,793) | \$ 712 | \$ (3,084) | \$ (4,703) | \$ (3,419) | \$ (881) |
| Totals may not add due to rounding. | | | | | | |

Table 36**District Federal Intermediate Credit Banks Nonperforming Loans, Chargeoffs and Financial Ratios**

(Dollars in Millions)

| For the Year Ended December 31, 1986 | Springfield | Baltimore | Columbia | Louisville | Jackson | St. Louis |
|--------------------------------------|-------------|-----------|----------|------------|----------|-----------|
| Nonperforming Loans | \$ 0.9 | \$51.2 | \$983.2 | \$808.5 | \$11.8 | \$ 1.7 |
| Formally Restructured | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other Restructured and Reduced Rate | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other High Risk | 0.0 | 50.2 | 958.0 | 805.6 | 0.9 | 0.0 |
| Nonaccrual | 0.9 | 1.0 | 25.2 | 2.9 | 10.9 | 1.7 |
| Net Loan Chargeoffs | * | \$ 0.1 | \$ 7.6 | \$ (0.1) | \$ 4.0 | \$ 0.2 |
| Selected Ratios | | | | | | |
| Return on Assets | (0.19%) | (0.29%) | 1.33% | 2.19% | (0.20%) | (0.53%) |
| Return on Equity | (2.00%) | (3.12%) | 7.18% | 10.12% | (11.31%) | (3.12%) |
| Net Interest Margin | 1.74% | 1.27% | 2.60% | 2.38% | 1.36% | 1.83% |
| As of December 31, 1986 | | | | | | |
| Capital as a % of Assets | 9.23% | 8.98% | 20.94% | 23.29% | 15.42% | 17.75% |
| Debt-to-Capital | 9.83 | 10.14 | 3.78 | 3.29 | 5.48 | 4.63 |

Components may not add to totals due to rounding.

* Less than \$50,000 net chargeoff.

Table 36 (continued)**District Federal Intermediate Credit Banks Nonperforming Loans, Chargeoffs and Financial Ratios**

(Dollars in Millions)

| For the Year Ended December 31, 1986 | St. Paul | Omaha | Wichita | Texas | Sacramento | Spokane |
|--------------------------------------|-----------|---------|---------|---------|------------|---------|
| Nonperforming Loans | \$1,651.7 | \$687.7 | \$253.9 | \$145.1 | \$1,008.1 | \$484.0 |
| Formally Restructured | 441.0 | 0.0 | 0.0 | 0.0 | 489.5 | 0.0 |
| Other Restructured and Reduced Rate | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other High Risk | 1,203.9 | 636.2 | 252.2 | 91.3 | 514.9 | 471.8 |
| Nonaccrual | 6.8 | 51.5 | 1.7 | 53.8 | 3.7 | 12.2 |
| Net Loan Chargeoffs | \$ 1.5 | \$ 0.1 | \$ 0.1 | \$ 0.3 | \$ 15.2 | \$ 2.6 |
| Selected Ratios | | | | | | |
| Return on Assets | (0.48%) | 0.07% | (0.38%) | (0.31%) | (0.12%) | (0.12%) |
| Return on Equity | (5.32%) | 0.48% | (2.15%) | (4.29%) | (1.69%) | (1.01%) |
| Net Interest Margin | 2.08% | 2.74% | 2.84% | 1.22% | 1.48% | 2.08% |
| As of December 31, 1986 | | | | | | |
| Capital as a % of Assets | 9.32% | 17.12% | 21.01% | 6.36% | 7.13% | 12.58% |
| Debt-to-Capital (1) | 9.73 | 4.84 | 3.76 | 14.72 | 13.03 | 6.95 |

Components may not add to totals due to rounding.

Table 37**Production Credit Associations Combined Statement of Condition**

(Dollars in Thousands)

| As of December 31 | 1986 | 1985 | Percent Change |
|--|---------------------|---------------------|----------------|
| Assets | | | |
| Loans: To Members (Net) | \$ 9,903,562 | \$13,327,688 | (25.69) |
| Lease Receivable | 18,711 | 24,329 | (23.09) |
| Sales, Contracts, Notes, Etc. | 91,985 | 84,259 | 9.16 |
| Nonaccrual Loans | 1,018,193 | 891,547 | 14.20 |
| Accounts Receivable - From Members | 7,226 | 7,393 | (2.25) |
| Accrued Interest Receivable on Loans | 321,431 | 506,716 | (36.56) |
| Gross Loan Items | 11,361,108 | 14,841,932 | (23.45) |
| Less: Allowance for Losses | 688,149 | 666,594 | 3.23 |
| Net Loan Items | 10,672,959 | 14,175,338 | (24.70) |
| Cash | 51,735 | 26,553 | (94.83) |
| Investments: U.S. Government Securities (Par) | 54 | 147 | (63.26) |
| Securities Government Supervised Institutions (Par) | 0 | 485 | (100.00) |
| Other Bonds and Securities (Par) | 1,180 | 271 | 335.42 |
| Investment in DBC Bankers Acceptances (Par) | 0 | 470 | (100.00) |
| Unamortized Premium or Discount (Net) | (1) | (18) | (94.44) |
| Total Investment in Securities | 1,233 | 1,355 | (9.00) |
| Investments in Farm Credit Institutions: | | | |
| FICB Class B Stock (Par) | 1,327,415 | 1,331,990 | (0.34) |
| Equity in FICB Allocated to Legal Reserve | 338,733 | 345,479 | (1.95) |
| Participation Certificates - PCAs | 0 | 0 | 0.00 |
| Total Investment in Farm Credit Institutions | 1,666,148 | 1,677,469 | (0.67) |
| Soil, Water, and Farm Ownership Programs | 1 | 9 | (88.88) |
| Investment in Farmers' Notes to Cooperatives and Dealers | 5,332 | 6,525 | (18.28) |
| Notes Receivable from Farm Credit Banks and Other | 38,941 | 32,687 | 19.13 |
| Accounts Receivable - Other than Members | 16,659 | 47,541 | 64.95 |
| Accrued Interest Receivable - Other Farm Credit Banks | 1,474 | 1,231 | 19.74 |
| Accrued Interest Receivable - Investments | 266 | 315 | (15.55) |
| Acquired Property | 201,035 | 225,614 | (10.89) |
| Less: Allowance for Losses | 56,777 | 62,137 | (8.62) |
| Less: Accumulated Depreciation | 1,804 | 1,910 | (5.54) |
| Net Acquired Property | 142,454 | 161,567 | (11.82) |
| Acquired Property - Operations | 208 | 876 | (76.25) |
| Less: Accumulated Depreciation | 0 | 71 | (100.00) |
| Net Acquired Property - Operations | 208 | 805 | (74.16) |
| Land, Buildings, and Equipment | 289,766 | 308,454 | (6.05) |
| Less: Accumulated Depreciation | 111,785 | 107,099 | 4.37 |
| Net Land, Buildings, and Equipment | 177,981 | 201,355 | (11.60) |
| Prepaid Expenses and Other Assets | 130,751 | 41,971 | 211.52 |
| Total Assets | \$12,906,142 | \$16,374,721 | (21.18) |
| Liabilities and Net Worth | | | |
| Drafts Outstanding | \$ 6,539 | \$ 6,227 | 5.01 |
| Notes Payable: Federal Intermediate Credit Banks | 10,062,574 | 12,759,793 | (21.13) |
| Other Notes Payable | 129,378 | 125,961 | 2.71 |
| Total Notes Payable | 10,191,952 | 12,885,754 | (20.90) |
| Accounts Payable | 18,170 | 24,354 | (25.39) |
| Accrued Interest Payable | 218,714 | 312,285 | (29.96) |
| Trust Accounts | 4,140 | 3,212 | 28.89 |
| Dividend and Patronage Distributions Payable | 184 | 887 | (79.25) |
| Loans Rediscounted with FICB | 148,797 | 199,731 | (25.50) |
| Provision for Federal and Other Income Taxes | 3,439 | 6,475 | (46.88) |
| Undistributed Dividends - Credit Life Insurance | 291 | 397 | 26.70 |
| Other Liabilities | 56,596 | 36,747 | 54.01 |
| Total Liabilities | 10,648,822 | 13,476,069 | (20.97) |
| Capital Stock: Class A Stock - FICBs | 4 | 0 | 0.00 |
| Class A Stock - Members | 32,309 | 24,675 | 30.93 |
| Class B Stock - Members | 1,054,050 | 1,415,457 | (25.53) |
| Class C Stock - FICBs | 16,146 | 1,804 | 795.01 |
| Class C Stock - Members | 10,589 | 2,589 | 308.99 |
| Class D Stock | 20,309 | 47,534 | (57.27) |
| Participation Certificates | 17,446 | 22,896 | (23.80) |
| Total Capital Stock | 1,150,853 | 1,514,955 | (24.03) |
| Earned Net Worth: Equity Reserve | 0 | 0 | 0.00 |
| Paid in Surplus - FICBs | 0 | 300 | (100.00) |
| Surplus Reserved | 1,121,882 | 1,382,299 | (18.83) |
| Surplus Allocated | 5,998 | 7,817 | (23.26) |
| Earnings Reserved for Stock Dividends | 5 | 6 | (16.66) |
| Earnings Reserved for Patronage Distribution | 0 | 185 | (100.00) |
| Undistributed Earnings | (21,356) | (6,908) | 209.14 |
| Total Earned Net Worth | 1,106,529 | 1,383,699 | (20.03) |
| Total Net Worth | 2,257,382 | 2,898,654 | (22.12) |
| Total Liabilities and Net Worth | \$12,906,204 | \$16,374,723 | (21.18) |

Totals may not add due to rounding.

Table 38**Production Credit Associations Statement of Condition by District**

(Dollars in Thousands)

| As of December 31, 1986 | Springfield | Baltimore | Columbia | Louisville | Jackson | St. Louis |
|--|------------------|------------------|--------------------|--------------------|------------------|------------------|
| Assets | | | | | | |
| Loans: To Members (Net) | \$558,769 | \$706,439 | \$ 839,494 | \$ 807,668 | \$446,716 | \$577,340 |
| Lease Receivable | 0 | 27 | 0 | 0 | 0 | 2,703 |
| Sales, Contracts, Notes, Etc. | 1,766 | 924 | 3,170 | 13,579 | 3,236 | 3,597 |
| Nonaccrual Loans | 9,853 | 11,739 | 118,875 | 93,209 | 20,883 | 57,790 |
| Accounts Receivable - From Members | 13 | 228 | 1,476 | 386 | 255 | 447 |
| Accrued Interest Receivable on Loans | 5,765 | 12,666 | 27,090 | 25,562 | 12,682 | 27,003 |
| Gross Loan Items | 576,186 | 732,023 | 990,105 | 940,404 | 483,772 | 668,880 |
| Less: Allowance for Losses | 21,943 | 25,910 | 68,772 | 37,663 | 24,672 | 37,171 |
| Net Loan Items | 554,243 | 706,113 | 921,333 | 902,741 | 459,100 | 631,709 |
| Cash | 5,654 | 459 | 1,663 | 11,529 | 1,373 | 25 |
| Investments: U.S. Government Securities (Par) | 0 | 0 | 0 | 0 | 0 | 0 |
| Securities Government Supervised Institutions (Par) | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Bonds and Securities (Par) | 135 | 6 | 0 | 0 | 296 | 0 |
| Investment in DBC Bankers Acceptances (Par) | 0 | 0 | 0 | 0 | 0 | 0 |
| Unamortized Premium or Discount (Net) | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Investment in Securities | 135 | 6 | 0 | 0 | 296 | 0 |
| Investments in Farm Credit Institutions: | | | | | | |
| FICB Class B Stock (Par) | 42,209 | 50,477 | 185,949 | 181,466 | 67,826 | 103,388 |
| Equity in FICB Allocated to Legal Reserve | 12,021 | 17,472 | 71,943 | 59,255 | 19,369 | 34,320 |
| Participation Certificates - PCAs | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Investment in Farm Credit Institutions | 54,230 | 67,949 | 257,892 | 240,721 | 87,195 | 137,708 |
| Soil, Water, and Farm Ownership Programs | 0 | 0 | 0 | 0 | 1 | 0 |
| Investment in Farmers' Notes to Cooperatives and Dealers | 663 | 1,250 | 2,376 | 377 | 532 | 0 |
| Notes Receivable from Farm Credit Banks and Other | 0 | 1,936 | 24,966 | 2,035 | 281 | 1,351 |
| Accounts Receivable - Other than Members | 1,616 | 555 | 2,293 | 2,041 | 26 | 158 |
| Accrued Interest Receivable - Other Farm Credit Banks | 0 | 241 | 909 | 60 | 12 | 45 |
| Accrued Interest Receivable - Investments | 2 | 37 | 153 | 23 | 31 | 0 |
| Acquired Property | 880 | 2,992 | 12,268 | 18,560 | 4,665 | 12,864 |
| Less: Allowance for Losses | 36 | 373 | 3,811 | 6,071 | 2,207 | 5,009 |
| Less: Accumulated Depreciation | 0 | 0 | 15 | 403 | 0 | 41 |
| Net Acquired Property | 844 | 2,619 | 8,442 | 12,086 | 2,458 | 7,814 |
| Acquired Property - Operations | 0 | 0 | 0 | 0 | 0 | 175 |
| Less: Accumulated Depreciation | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Acquired Property - Operations | 0 | 0 | 0 | 0 | 0 | 175 |
| Land, Buildings, and Equipment | 6,822 | 11,858 | 27,962 | 32,138 | 13,130 | 29,016 |
| Less: Accumulated Depreciation | 2,972 | 3,698 | 11,160 | 12,186 | 6,267 | 11,987 |
| Net Land, Buildings, and Equipment | 3,850 | 8,160 | 16,802 | 19,952 | 6,863 | 17,029 |
| Prepaid Expenses and Other Assets | 948 | 475 | 2,347 | 29,250 | 229 | 795 |
| Total Assets | \$622,185 | \$789,800 | \$1,239,176 | \$1,220,815 | \$558,397 | \$796,809 |
| Liabilities and Net Worth | | | | | | |
| Drafts Outstanding | \$ 0 | \$ 0 | \$ 0 | \$ 1,275 | \$ 0 | \$ 2,016 |
| Notes Payable: Federal Intermediate Credit Banks | 505,463 | 634,648 | 952,778 | 740,338 | 419,180 | 537,323 |
| Other Notes Payable | 9,703 | 1,201 | 1,832 | 1,148 | 0 | 1,416 |
| Total Notes Payable | 515,166 | 635,849 | 954,610 | 741,486 | 419,180 | 538,739 |
| Accounts Payable | 382 | 678 | 1,869 | 3,189 | 752 | 1,877 |
| Accrued Interest Payable | 0 | 4,257 | 7,400 | 53,426 | 9,744 | 13,134 |
| Trust Accounts | 180 | 0 | 1,418 | 57 | 0 | 1 |
| Dividend and Patronage Distributions Payable | 10 | 11 | 55 | 1 | 31 | 7 |
| Loans Rediscounted with FICB | 0 | 0 | 0 | 148,797 | 0 | 0 |
| Provision for Federal and Other Income Taxes | 186 | 344 | 140 | 1,137 | 6 | 17 |
| Undistributed Dividends - Credit Life Insurance | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Liabilities | 884 | 1,497 | 2,175 | 4,135 | 546 | 17,755 |
| Total Liabilities | 516,808 | 642,636 | 967,667 | 953,503 | 430,259 | 573,546 |
| Capital Stock: Class A Stock - FICBs | 0 | 0 | 0 | 0 | 0 | 0 |
| Class A Stock - Members | 1,100 | 5,336 | 3,684 | 3,378 | 2,073 | 1,553 |
| Class B Stock - Members | 48,450 | 50,562 | 109,102 | 88,236 | 57,297 | 71,658 |
| Class C Stock - FICBs | 0 | 0 | 0 | 0 | 0 | 0 |
| Class C Stock - Members | 0 | 0 | 0 | 0 | 10,589 | 0 |
| Class D Stock | 0 | 0 | 4,223 | 0 | 0 | 5,417 |
| Participation Certificates | 697 | 959 | 6,468 | 754 | 531 | 194 |
| Total Capital Stock | 50,247 | 56,857 | 123,477 | 92,368 | 70,490 | 78,822 |
| Earned Net Worth: Equity Reserve | 0 | 0 | 0 | 0 | 0 | 0 |
| Paid in Surplus - FICBs | 0 | 0 | 0 | 0 | 0 | 0 |
| Surplus Reserved | 55,128 | 90,285 | 147,758 | 190,421 | 57,253 | 141,320 |
| Surplus Allocated | 0 | 0 | 273 | 0 | 0 | 3,121 |
| Earnings Reserved for Stock Dividends | 0 | 1 | 3 | 0 | 1 | 0 |
| Earnings Reserved for Patronage Distribution | 0 | 0 | 0 | 0 | 0 | 0 |
| Undistributed Earnings | 0 | 68 | 0 | (15,476) | 395 | 0 |
| Total Earned Net Worth | 55,128 | 90,354 | 148,034 | 174,945 | 57,649 | 144,441 |
| Total Net Worth | 105,375 | 147,211 | 271,511 | 267,313 | 128,139 | 223,263 |
| Total Liabilities and Net Worth | \$622,183 | \$789,847 | \$1,239,178 | \$1,220,816 | \$558,398 | \$796,809 |

Totals may not add due to rounding.

Table 38 (continued)
Production Credit Associations Statement of Condition by District

(Dollars in Thousands)

| As of December 31, 1986 | St. Paul | Omaha | Wichita | Texas | Sacramento | Spokane |
|--|--------------------|------------------|------------------|------------------|--------------------|------------------|
| Assets | | | | | | |
| Loans: To Members (Net) | \$1,773,805 | \$463,557 | \$522,696 | \$834,926 | \$1,963,079 | \$409,074 |
| Lease Receivable | 16,050 | 0 | (68) | 0 | 0 | 0 |
| Sales, Contracts, Notes, Etc. | 28,873 | 8,879 | 5,979 | 6,653 | 10,361 | 4,947 |
| Nonaccrual Loans | 198,907 | 101,292 | 77,070 | 57,643 | 178,014 | 92,917 |
| Accounts Receivable - From Members | 1,578 | 1,640 | 112 | 565 | 453 | 75 |
| Accrued Interest Receivable on Loans | 49,836 | 30,178 | 30,763 | 28,222 | 63,773 | 7,891 |
| Gross Loan Items | 2,069,049 | 605,546 | 636,552 | 928,009 | 2,215,680 | 514,904 |
| Less: Allowance for Losses | 184,557 | 66,000 | 59,619 | 44,954 | 82,962 | 33,926 |
| Net Loan Items | 1,884,492 | 539,546 | 576,933 | 883,055 | 2,132,718 | 480,978 |
| Cash | 4,974 | 8,210 | 9,091 | 3,037 | 4,090 | 1,630 |
| Investments: U.S. Government Securities (Par) | 37 | 0 | 0 | 17 | 0 | 0 |
| Securities Government Supervised Institutions (Par) | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Bonds and Securities (Par) | 61 | 682 | 0 | 0 | 0 | 0 |
| Investment in DBC Bankers Acceptances (Par) | 0 | 0 | 0 | 0 | 0 | 0 |
| Unamortized Premium or Discount (Net) | 0 | 0 | 0 | (1) | 0 | 0 |
| Total Investment in Securities | 98 | 682 | 0 | 16 | 0 | 0 |
| Investments in Farm Credit Institutions: | | | | | | |
| FICB Class B Stock (Par) | 201,574 | 135,681 | 97,226 | 57,557 | 147,251 | 56,813 |
| Equity in FICB Allocated to Legal Reserve | 22,299 | 0 | 30,326 | 20,510 | 46,529 | 4,689 |
| Participation Certificates - PCAs | 0 | 0 | 0 | 674 | 0 | 0 |
| Total Investment in Farm Credit Institutions | 223,873 | 135,681 | 127,552 | 78,741 | 193,780 | 61,502 |
| Soil, Water, and Farm Ownership Programs | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment in Farmers' Notes to Cooperatives and Dealers | 134 | 0 | 2,609 | 0 | 0 | 0 |
| Notes Receivable from Farm Credit Banks and Other | 2,471 | 1,474 | 2,609 | 74 | 923 | 822 |
| Accounts Receivable - Other than Members | 12,654 | 787 | 1,826 | 2,652 | 114 | 247 |
| Accrued Interest Receivable - Other Farm Credit Banks | 67 | 61 | 26 | 2 | 3 | 48 |
| Accrued Interest Receivable - Investments | 19 | 0 | 0 | 0 | 0 | 0 |
| Acquired Property | 60,725 | 15,214 | 10,558 | 20,581 | 35,571 | 6,158 |
| Less: Allowance for Losses | 22,078 | 5,500 | 3,887 | 2,851 | 4,013 | 941 |
| Less: Accumulated Depreciation | 986 | 6 | 32 | 0 | 0 | 321 |
| Net Acquired Property | 37,661 | 9,708 | 6,639 | 17,730 | 31,558 | 4,896 |
| Acquired Property - Operations | 12 | 21 | 0 | 0 | 0 | 0 |
| Less: Accumulated Depreciation | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Acquired Property - Operations | 12 | 21 | 0 | 0 | 0 | 0 |
| Land, Buildings, and Equipment | 65,215 | 27,236 | 17,533 | 15,566 | 33,727 | 9,564 |
| Less: Accumulated Depreciation | 20,741 | 11,259 | 7,454 | 7,207 | 12,642 | 4,213 |
| Net Land, Buildings, and Equipment | 44,474 | 15,977 | 10,079 | 8,359 | 21,085 | 5,351 |
| Prepaid Expenses and Other Assets | 89,735 | 1,398 | 1,846 | 2,448 | 1,128 | 153 |
| Total Assets | \$2,300,664 | \$713,545 | \$736,601 | \$996,114 | \$2,385,399 | \$555,627 |
| Liabilities and Net Worth | | | | | | |
| Drafts Outstanding | \$ 1,343 | \$ 0 | \$ 30 | \$ 1,875 | \$ 0 | \$ 0 |
| Notes Payable: Federal Intermediate Credit Banks | 1,871,515 | 621,579 | 558,903 | 763,412 | 1,998,092 | 459,343 |
| Other Notes Payable | 92,578 | 6,908 | 1,561 | 1,412 | 9,648 | 1,969 |
| Total Notes Payable | 1,964,093 | 628,487 | 560,464 | 764,824 | 2,007,740 | 461,312 |
| Accounts Payable | 7,097 | 3,435 | 2,314 | 1,061 | 3,889 | (63) |
| Accrued Interest Payable | 50,910 | 6,096 | 4,855 | 5,302 | 59,984 | 3,606 |
| Trust Accounts | 255 | 66 | 1,768 | 432 | 10 | (47) |
| Dividend and Patronage Distributions Payable | 0 | 0 | 3 | 68 | 0 | 0 |
| Loans Rediscounted with FICB | 0 | 0 | 0 | 0 | 0 | 0 |
| Provision for Federal and Other Income Taxes | 66 | 4 | 695 | 709 | 0 | 134 |
| Undistributed Dividends - Credit Life Insurance | 0 | 0 | 289 | 1 | 0 | 0 |
| Other Liabilities | 3,730 | 9,078 | 1,720 | 3,043 | 3,222 | 8,812 |
| Total Liabilities | 2,027,494 | 647,166 | 572,138 | 777,315 | 2,074,845 | 473,754 |
| Capital Stock: Class A Stock - FICBs | 0 | 0 | 4 | 0 | 0 | 0 |
| Class A Stock - Members | 10,420 | 333 | 2,859 | 1,164 | 25 | 383 |
| Class B Stock - Members | 190,214 | 52,123 | 50,432 | 96,738 | 197,072 | 42,166 |
| Class C Stock - FICBs | 0 | 0 | 0 | 0 | 16,146 | 0 |
| Class C Stock - Members | 0 | 0 | 0 | 0 | 0 | 0 |
| Class D Stock | 0 | 0 | 4,900 | 1,770 | 0 | 4,000 |
| Participation Certificates | 990 | 146 | 1,291 | 1,533 | 4,511 | 45 |
| Total Capital Stock | 201,624 | 52,602 | 59,486 | 101,205 | 217,754 | 46,594 |
| Earned Net Worth: Equity Reserve | 0 | 0 | 0 | 0 | 0 | 0 |
| Paid in Surplus - FICBs | 0 | 0 | 0 | 0 | 0 | 0 |
| Surplus Reserved | 74,715 | 13,778 | 104,889 | 120,043 | 92,797 | 33,496 |
| Surplus Allocated | 0 | 0 | 288 | 534 | 0 | 1,782 |
| Earnings Reserved for Stock Dividends | 0 | 0 | 0 | 0 | 0 | 0 |
| Earnings Reserved for Patronage Distribution | 0 | 0 | 0 | 0 | 0 | 0 |
| Undistributed Earnings | (3,172) | 0 | (197) | (2,973) | 0 | 0 |
| Total Earned Net Worth | 71,543 | 13,778 | 104,980 | 117,604 | 92,797 | 35,278 |
| Total Net Worth | 273,167 | 66,380 | 164,466 | 218,809 | 310,551 | 81,872 |
| Total Liabilities and Net Worth | \$2,300,661 | \$713,546 | \$736,604 | \$996,124 | \$2,385,396 | \$555,626 |

Totals may not add due to rounding.

Table 39

Production Credit Associations Combined Statement of Income

(Dollars in Thousands)

| For the Year Ended December 31 | 1986 | 1985 | Percent Change |
|--|---------------------|---------------------|-----------------|
| Income | | | |
| Loan Interest Income: Loans | \$1,334,059 | \$1,889,446 | (29.39) |
| Sales Contracts | 9,543 | 8,622 | 10.68 |
| Notes Receivable | 4,485 | 3,120 | 43.75 |
| Total Interest Income from Loans | 1,348,087 | 1,901,188 | (29.09) |
| Income from Investments (Net) | 2,452 | 1,100 | 122.90 |
| Appraisal and Loan Service Fees | 7,028 | 7,735 | (9.14) |
| Financially Related Services | 29,620 | 42,362 | 30.07 |
| Compensation Income - Participations Sold | 0 | 0 | 0.00 |
| Other Operating Income | 72,430 | 51,786 | 39.86 |
| Dividends from FICBs | 0 | 0 | 0.00 |
| Gross Income | 1,459,617 | 2,004,171 | (27.17) |
| Expenses | | | |
| Interest Expense - Notes Payable, Etc. | 1,157,216 | 1,592,627 | (27.33) |
| Compensation Expense - Participations Bought | 80 | (2) | (4100.00) |
| Operating Expenses | 303,671 | 342,201 | (11.25) |
| Total Expenses | 1,460,967 | 1,934,826 | (24.49) |
| Net Gain (Loss) from Operations | (1,350) | 69,345 | (101.94) |
| Other Additions/Deductions: | | | |
| Gain (Loss) - Sale of Investment | (21) | (31) | (32.25) |
| Income (Expense) - Office Building/Premises | 189 | 115 | 64.34 |
| Income (Expense) - Land/Buildings (Investment) | 50 | 18 | 177.77 |
| Cash Over or Short (Net) | (13) | 0 | 0.00 |
| Income (Expense) - Mineral Reservations | 144 | 157 | (8.28) |
| Income (Expense) - Acquired Property | (2,074) | (1,681) | 23.37 |
| Gain (Loss) - Disposition of Acquired Property | (6,175) | (15,045) | 58.95 |
| Income (Expense) - Lease Equipment | 45 | 160 | (71.87) |
| Other Gains (Losses) | 59,915 | 129,997 | (53.91) |
| Total Other Additions and Deductions | 52,060 | 113,690 | (54.20) |
| Net Gain (Loss) before Provision for Losses | 50,710 | 183,035 | (72.29) |
| Provision for Losses | (355,133) | (722,746) | 50.86 |
| Net Gain (Loss) before Income Taxes | (304,423) | (539,711) | (43.59) |
| Less: Federal and Other Income Taxes | (5,763) | 4,281 | (234.61) |
| Net Income before Adjustment - Prior Years | (298,660) | (543,992) | (45.09) |
| Adjustment for Prior Years | 5,902 | 15,532 | (62.00) |
| Net Income (Loss) | (292,758) | (528,460) | (44.60) |
| Distribution of FICB Earnings | 17,241 | (71,369) | (124.15) |
| Final Net Income (Loss) | \$ (275,517) | \$ (599,829) | (54.06) |

Totals may not add due to rounding.

Table 40 **Production Credit Associations Statement of Income by District**

(Dollars in Thousands)

| For the Year Ended December 31, 1986 | Springfield | Baltimore | Columbia | Louisville | Jackson | St. Louis |
|--|-------------------|---------------|--------------------|--------------------|---------------|-------------------|
| Income | | | | | | |
| Loan Interest Income: Loans | \$58,687 | \$72,029 | \$124,173 | \$112,786 | \$55,506 | \$81,456 |
| Sales Contracts | 226 | 77 | 401 | 1,823 | 312 | 420 |
| Notes Receivable | 4 | 257 | 2,684 | 343 | 325 | 29 |
| Total Interest Income from Loans | 58,917 | 72,363 | 127,258 | 114,952 | 56,143 | 81,905 |
| Income from Investments (Net) | 130 | 98 | 338 | 104 | 69 | 0 |
| Appraisal and Loan Service Fees | 116 | 29 | 3,235 | 47 | 1,574 | 11 |
| Financially Related Services | 3,064 | 527 | 2,650 | 2,917 | 1,128 | 2,242 |
| Compensation Income - Participations Sold | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Operating Income | 51 | 574 | 62 | 135 | 18 | (76) |
| Dividends from FICBs | 0 | 0 | 0 | 0 | 0 | 0 |
| Gross Income | 62,278 | 73,591 | 133,543 | 118,355 | 58,932 | 84,082 |
| Expenses | | | | | | |
| Interest Expense - Notes Payable, Etc. | 49,201 | 56,014 | 116,420 | 96,144 | 42,706 | 61,150 |
| Compensation Expense - Participations Bought | 0 | 0 | 0 | 0 | 80 | 0 |
| Operating Expenses | 16,632 | 13,597 | 25,887 | 34,456 | 14,883 | 23,685 |
| Total Expenses | 65,833 | 69,611 | 142,307 | 130,600 | 57,669 | 84,835 |
| Net Gain (Loss) from Operations | (3,555) | 3,980 | (8,764) | (12,245) | 1,263 | (753) |
| Other Additions/Deductions: | | | | | | |
| Gain (Loss) - Sale of Investment | 0 | (20) | (1) | 0 | 0 | 0 |
| Income (Expense) - Office Building/Premises | 0 | 45 | 11 | (37) | 19 | 0 |
| Income (Expense) - Land/Buildings (Investment) | 2 | 2 | (2) | 59 | 0 | 12 |
| Cash Over or Short (Net) | 0 | 0 | 0 | 0 | 0 | 0 |
| Income (Expense) - Mineral Reservations | 0 | 0 | 0 | 0 | 2 | 0 |
| Income (Expense) - Acquired Property | (141) | (60) | (332) | 451 | 33 | 137 |
| Gain (Loss) - Disposition of Acquired Property | (266) | 20 | 870 | (2,273) | 231 | 269 |
| Income (Expense) - Lease Equipment | 0 | 15 | (9) | 10 | 1 | 52 |
| Other Gains (Losses) | 239 | 48 | 3,177 | (386) | (6) | (1,102) |
| Total Other Additions and Deductions | (166) | 50 | 3,714 | (2,176) | 280 | (632) |
| Net Gain (Loss) before Provision for Losses | (3,721) | 4,030 | (5,050) | (14,421) | 1,543 | (1,385) |
| Provision for Losses | (601) | (2,130) | (45,571) | (17,491) | (1,032) | (2,435) |
| Net Gain (Loss) before Income Taxes | (4,322) | 1,900 | (50,621) | (31,912) | 511 | (3,820) |
| Less: Federal and Other Income Taxes | 216 | 745 | 90 | 1,362 | 32 | 1,325 |
| Net Income before Adjustment - Prior Years | (4,538) | 1,155 | (50,711) | (33,274) | 479 | (5,145) |
| Adjustment for Prior Years | 870 | (11) | 61 | 767 | (228) | 0 |
| Net Income | (3,668) | 1,144 | (50,650) | (32,507) | 251 | (5,145) |
| Distribution of FICB Earnings | (1,193) | (232) | 17,792 | 17,006 | 0 | 0 |
| Final Net Income (Loss) | \$ (4,861) | \$ 912 | \$ (32,858) | \$ (15,501) | \$ 251 | \$ (5,145) |

Totals may not add due to rounding.

Table 40 (continued)**Production Credit Associations Statement of Income by District**

(Dollars in Thousands)

| For the Year Ended December 31, 1986 | St. Paul | Omaha | Wichita | Texas | Sacramento | Spokane |
|--|--------------------|-------------------|-------------------|-------------------|--------------------|-------------------|
| Income | | | | | | |
| Loan Interest Income: Loans | \$ 248,449 | \$ 77,775 | \$ 81,978 | \$ 94,519 | \$260,345 | \$ 66,357 |
| Sales Contracts | 2,326 | 1,009 | 903 | 558 | 937 | 547 |
| Notes Receivable | 454 | 109 | 122 | 4 | 118 | 33 |
| Total Interest Income from Loans | 251,229 | 78,893 | 83,003 | 95,081 | 261,400 | 66,937 |
| Income from Investments (Net) | 1,702 | 1 | 11 | 0 | 0 | 0 |
| Appraisal and Loan Service Fees | 411 | 26 | 9 | 285 | 666 | 421 |
| Financially Related Services | 10,353 | 1,601 | 1,187 | 2,201 | 680 | 1,074 |
| Compensation Income - Participations Sold | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Operating Income | 69,608 | 1,797 | 42 | 118 | 35 | 63 |
| Dividends from FICBs | 0 | 0 | 0 | 0 | 0 | 0 |
| Gross Income | 333,303 | 82,318 | 84,252 | 97,685 | 262,781 | 68,495 |
| Expenses | | | | | | |
| Interest Expense - Notes Payable, Etc. | 224,450 | 86,341 | 75,369 | 75,275 | 217,443 | 56,707 |
| Compensation Expense - Participations Bought | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Expenses | 57,689 | 27,828 | 20,429 | 20,974 | 33,939 | 13,673 |
| Total Expenses | 282,139 | 114,168 | 95,798 | 96,249 | 251,382 | 70,380 |
| Net Gain (Loss) from Operations | 51,164 | (31,851) | (11,546) | 1,436 | 11,399 | (1,885) |
| Other Additions/Deductions: | | | | | | |
| Gain (Loss) - Sale of Investment | 0 | 0 | 0 | 0 | 0 | 0 |
| Income (Expense) - Office Building/Premises | 15 | 52 | 17 | 5 | 33 | 27 |
| Income (Expense) - Land/Buildings (Investment) | 1 | (28) | (7) | 5 | 8 | (1) |
| Cash Over or Short (Net) | (13) | 0 | 0 | 0 | 0 | 0 |
| Income (Expense) - Mineral Reservations | 0 | 0 | 65 | 76 | 0 | 0 |
| Income (Expense) - Acquired Property | (204) | (343) | (127) | 93 | (1,540) | (42) |
| Gain (Loss) - Disposition of Acquired Property | (3,048) | (97) | (1,077) | (84) | (625) | (96) |
| Income (Expense) - Lease Equipment | (21) | 0 | 0 | (4) | 0 | 0 |
| Other Gains (Losses) | 3,236 | 35,007 | (883) | 3,915 | 16,590 | 79 |
| Total Other Additions and Deductions | (34) | 34,591 | (2,012) | 4,006 | 14,466 | (33) |
| Net Gain (Loss) before Provision for Losses | 51,130 | 2,740 | (13,558) | 5,442 | 25,865 | (1,918) |
| Provision for Losses | (143,616) | (8,861) | (10,232) | (14,290) | (89,011) | (19,863) |
| Net Gain (Loss) before Income Taxes | (92,486) | (6,121) | (23,790) | (8,848) | (63,146) | (21,781) |
| Less: Federal and Other Income Taxes | (7,597) | 4 | 360 | (2,436) | 6 | 131 |
| Net Income before Adjustment - Prior Years | (84,889) | (6,125) | (24,150) | (6,412) | (63,152) | (21,912) |
| Adjustment for Prior Years | 379 | 323 | 2,365 | 412 | 652 | 310 |
| Net Income (Loss) | (84,510) | (5,802) | (21,785) | (6,000) | (62,500) | (21,602) |
| Distribution of FICB Earnings | (12,492) | 0 | (3,039) | (599) | 0 | 0 |
| Final Net Income (Loss) | \$ (97,002) | \$ (5,802) | \$(24,824) | \$ (6,599) | \$ (62,500) | \$(21,602) |

Totals may not add due to rounding.

Table 41**District Production Credit Associations Nonperforming Loans, Chargeoffs and Financial Ratios**

(Dollars in Millions)

| For the Year Ended December 31, 1986 | Springfield | Baltimore | Columbia | Louisville | Jackson | St. Louis |
|--------------------------------------|-------------|-----------|----------|------------|---------|-----------|
| Nonperforming Loans | \$22.0 | \$46.4 | \$178.9 | \$202.3 | \$407.0 | \$128.3 |
| Formally Restructured | 0.0 | 2.0 | 0.1 | 16.9 | 0.0 | 0.0 |
| Other Restructured and Reduced Rate | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 |
| Other High Risk | 12.1 | 32.7 | 59.9 | 92.2 | 386.0 | 70.5 |
| Nonaccrual | 9.9 | 11.7 | 118.9 | 93.2 | 20.9 | 57.8 |
| Net Loan Chargeoffs | \$ 1.6 | \$ 1.7 | \$ 23.0 | \$ 25.9 | \$ 3.2 | \$ 8.3 |
| Selected Ratios | | | | | | |
| Return on Assets | (0.74%) | 0.12% | (2.22%) | (1.10%) | 0.04% | (0.55%) |
| Return on Equity | (4.37%) | 0.62% | (10.87%) | (5.35%) | 0.18% | (2.14%) |
| Net Interest Margin | 1.66% | 2.32% | 1.01% | 1.88% | 2.67% | 2.86% |
| As of December 31, 1986 | | | | | | |
| Capital as a % of Assets | 16.94% | 18.64% | 21.91% | 21.90% | 22.95% | 28.02% |
| Debt-to-Capital (1) | 4.90 | 4.37 | 3.56 | 3.57 | 3.36 | 2.57 |

Components may not add to totals due to rounding.

Table 41 (continued)**District Production Credit Associations Nonperforming Loans, Chargeoffs and Financial Ratios**

(Dollars in Millions)

| For the Year Ended December 31, 1986 | St. Paul | Omaha | Wichita | Texas | Sacramento | Spokane |
|--------------------------------------|----------|---------|----------|---------|------------|----------|
| Nonperforming Loans | \$710.3 | \$144.1 | \$126.4 | \$86.7 | \$457.8 | \$116.8 |
| Formally Restructured | 169.4 | 0.9 | 1.0 | 0.1 | 33.5 | 0.2 |
| Other Restructured and Reduced Rate | 10.2 | 0.6 | 0.1 | 0.2 | 0.4 | 0.0 |
| Other High Risk | 331.8 | 41.3 | 48.2 | 28.8 | 245.9 | 23.7 |
| Nonaccrual | 198.9 | 101.3 | 77.1 | 57.6 | 178.0 | 92.9 |
| Net Loan Chargeoffs | \$ 80.9 | \$ 65.1 | \$ 25.0 | \$14.6 | \$ 46.2 | \$ 11.9 |
| Selected Ratios | | | | | | |
| Return on Assets | (3.70%) | (0.62%) | (2.64%) | (0.61%) | (2.34%) | (3.13) |
| Return on Equity | (28.04%) | (6.33%) | (12.25%) | (2.88%) | (17.38%) | (20.76%) |
| Net Interest Margin | 1.32% | (1.16%) | 1.06% | 2.13% | 1.98% | 1.82% |
| As of December 31, 1986 | | | | | | |
| Capital as a % of Assets | 11.87% | 9.30% | 22.33% | 21.97% | 13.02% | 14.74% |
| Debt-to-Capital (1) | 7.42 | 9.75 | 3.48 | 3.55 | 6.68 | 5.79 |

Components may not add to totals due to rounding.

Table 42**Banks for Cooperatives Combined Statement of Condition**

(Dollars in Thousands)

| As of December 31 | 1986 | 1985 | Percent Change |
|---|--------------------|---------------------|----------------|
| Assets | | | |
| Loans to Cooperatives: Seasonal Loans | \$2,306,266 | \$ 2,681,361 | (13.98) |
| Term | 4,588,297 | 4,912,440 | (6.59) |
| Commodity | 110,529 | 170,008 | (34.98) |
| Acceptances | 218,981 | 119,114 | 83.84 |
| Subtotal | 7,224,073 | 7,882,923 | (8.35) |
| Less: Participations | 0 | 0 | 0.00 |
| Less: Acceptances Discounted to Other Farm Credit Banks | 0 | 0 | 0.00 |
| Less: Unapplied Loan Payments | 2,456 | 2,090 | 17.51 |
| Less: Unearned Income (Acceptances) | 1,079 | 1,092 | (1.19) |
| Total Loans to Cooperative Associations | 7,220,538 | 7,879,741 | (8.36) |
| Nonaccrual Loans | 47,954 | 131,159 | (63.43) |
| Sales Contracts, Notes, Etc. | 126,141 | 91,201 | 38.31 |
| Accrued Interest Receivable on Loans | 129,444 | 160,709 | (19.45) |
| Gross Loan Items | 7,524,077 | 8,262,810 | (8.94) |
| Less: Allowance for Losses | 145,524 | 131,916 | 10.31 |
| Net Loan Items | 7,378,553 | 8,130,894 | (9.25) |
| Cash | 13,489 | 11,902 | 13.16 |
| Investments: U.S. Government Securities (Par) | 66,250 | 17,250 | 284.05 |
| Securities Government Supervised Institutions (Par) | 29,000 | 40,504 | (28.40) |
| Other Securities and Federal Funds | 2,186,557 | 2,263,257 | (3.38) |
| Investments in DBC Bankers Acceptances (Net) | 0 | 0 | 0.00 |
| Unamortized Premium or Discount (Net) | (5,236) | (7,609) | (31.18) |
| Total Investment in Securities | 2,276,571 | 2,313,402 | (1.59) |
| Investments in Central Bank for Cooperatives | 0 | 0 | 0.00 |
| Investments in Other Banks for Cooperatives | 0 | 0 | 0.00 |
| Investments in Farm Credit Institutions | 11,630 | 0 | 0.00 |
| Notes Receivable Farm Credit Banks and Other | 23,114 | 47,283 | (51.11) |
| Accounts Receivable | 20,442 | 18,393 | 11.14 |
| Accrued Interest Receivable - Other Farm Credit Banks | 96 | 983 | (90.23) |
| Accrued Interest Receivable - Investments | 15,887 | 6,015 | 164.12 |
| Acquired Property | 18,356 | 11,988 | 53.11 |
| Less: Accumulated Depreciation | 357 | 197 | 81.21 |
| Less: Allowance for Losses | 2,494 | 598 | 317.05 |
| Net Acquired Property | 15,505 | 11,193 | 38.52 |
| Land, Buildings, and Equipment | 54,996 | 56,650 | (2.91) |
| Less: Accumulated Depreciation | 11,463 | 9,513 | 20.49 |
| Net Land, Buildings, and Equipment | 43,533 | 47,137 | (7.64) |
| Customers Liability on Acceptances Outstanding | 0 | 0 | 0.00 |
| Prepaid Expenses and Other Assets | 12,474 | 30,426 | (59.00) |
| Total Assets | \$9,811,274 | \$10,617,628 | (7.59) |
| Liabilities and Net Worth | | | |
| Notes Payable: Other Farm Credit Banks | \$ 48,574 | \$ 436,564 | (88.87) |
| Consolidated Systemwide Notes | 4,277,282 | 4,395,091 | (2.68) |
| Commercial Banks and Other | 117,728 | 79,539 | 48.01 |
| Securities Sold Under Agreement to Repurchase | 0 | 4,875 | (100.00) |
| Total Notes Payable | 4,443,584 | 4,916,069 | (9.61) |
| Accounts Payable | 85,690 | 36,200 | 136.71 |
| Accrued Interest Payable | 105,318 | 140,275 | (24.92) |
| Unmatured Consolidated and Systemwide Bonds | 3,806,122 | 4,125,662 | (7.74) |
| Less: Unamortized Discounts and Premiums | (14,068) | 0 | 0.00 |
| Less: Consolidated Bonds Owned | 35,000 | 35,000 | 0.00 |
| Net Consolidated and Systemwide Bonds Outstanding | 3,785,190 | 4,090,662 | (7.46) |
| Unmatured Farm Credit Investment Bonds Outstanding | 270,490 | 227,347 | 18.97 |
| Matured Farm Credit Investment Bonds Outstanding | 0 | 0 | 0.00 |
| Capital Stock and Equities Called for Retirement | 32,617 | 29,648 | 10.01 |
| Bankers Liability on Acceptances Outstanding | 0 | 0 | 0.00 |
| Other Liabilities | 13,967 | 11,332 | 23.25 |
| Total Liabilities | 8,736,856 | 9,451,533 | (7.56) |
| Capital Stock: Class B - All | 687 | 534 | 28.65 |
| Class C - District Banks | 0 | 0 | 0.00 |
| Class C - Cooperative Associations | 766,789 | 830,155 | (7.63) |
| Class D - All | 613 | 1,039 | (41.00) |
| Other - Cooperative Associations | 0 | 1,530 | (100.00) |
| Class C - Subscribed - Cooperative Associations | 0 | 0 | 0.00 |
| Class C - Subscribed - District Banks | 0 | 0 | 0.00 |
| Participation Certificates | 3,207 | 0 | 0.00 |
| Total Capital Stock | 771,296 | 833,258 | (7.43) |
| Earned Net Worth: Surplus Reserved | 84,268 | 88,111 | (4.36) |
| Surplus Allocated to Cooperative Associations | 174,943 | 198,361 | (11.80) |
| Surplus Allocated to District Banks | 0 | 0 | 0.00 |
| Surplus Unallocated | 43,910 | 46,361 | (5.28) |
| Undistributed Earnings | 0 | 0 | 0.00 |
| Total Earned Net Worth | 303,121 | 332,833 | (8.92) |
| Total Net Worth | 1,074,417 | 1,166,091 | (7.86) |
| Total Liabilities and Net Worth | \$9,811,273 | \$10,617,624 | (7.59) |

Totals may not add due to rounding.

Table 43
Banks for Cooperatives Statement of Condition by District

(Dollars in Thousands)

| As of December 31, 1986 | Springfield | Baltimore | Columbia | Louisville | Jackson | St. Louis |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| Assets | | | | | | |
| Loans to Cooperatives: Seasonal Loans | \$ 98,920 | \$ 60,014 | \$ 68,065 | \$109,418 | \$ 93,486 | \$ 80,223 |
| Term | 271,180 | 96,929 | 434,681 | 472,019 | 770,361 | 249,475 |
| Commodity | 0 | 0 | 9,580 | 5,000 | 0 | 8,441 |
| Acceptances | 0 | 0 | 47,896 | 0 | 57,838 | 0 |
| Subtotal | 370,100 | 156,943 | 560,222 | 586,437 | 921,685 | 338,139 |
| Less: Participations | 239,602 | 104,420 | 309,013 | 251,506 | 584,766 | 70,034 |
| Less: Acceptances Discounted to Other Farm Credit Banks | 0 | 0 | 0 | 0 | 0 | 0 |
| Less: Unapplied Loan Payments | 0 | 0 | 19 | 530 | 1,000 | 0 |
| Less: Unearned Income (Acceptances) | 0 | 0 | 152 | 0 | 367 | 0 |
| Total Loans to Cooperative Associations | 130,498 | 52,523 | 251,038 | 334,401 | 335,552 | 268,105 |
| Nonaccrual Loans | 566 | 1,222 | 1,605 | 1,115 | 1,774 | 911 |
| Sales Contracts, Notes, Etc. | 32 | 67 | 11,788 | 0 | 0 | 0 |
| Accrued Interest Receivable on Loans | 2,490 | (929) | (1,457) | (3,100) | 6,228 | 5,231 |
| Gross Loan Items | 133,586 | 52,883 | 262,974 | 332,416 | 343,554 | 274,247 |
| Less: Allowance for Losses | 2,127 | 1,591 | 9,613 | 8,375 | 3,074 | 9,767 |
| Net Loan Items | 131,459 | 51,292 | 253,361 | 324,041 | 340,480 | 264,480 |
| Cash | 121 | (3,345) | 444 | 1,496 | 1,517 | 1,903 |
| Investments: U.S. Government Securities (Par) | 0 | 0 | 0 | 0 | 1,000 | 0 |
| Securities Government Supervised Institutions (Par) | 0 | 0 | 0 | 10,000 | 12,000 | 0 |
| Other Securities and Federal Funds | 25,000 | 17,864 | 50,193 | 43,153 | 36,507 | 90,280 |
| Investments in DBC Bankers Acceptances (Net) | 0 | 0 | 0 | 0 | 0 | 0 |
| Unamortized Premium or Discount (Net) | 0 | 0 | 0 | 10 | (4) | 0 |
| Total Investment in Securities | 25,000 | 17,864 | 50,193 | 53,163 | 49,503 | 90,280 |
| Investments in Central Bank for Cooperatives | 22,208 | 10,393 | 27,500 | 27,710 | 52,606 | 16,683 |
| Investments in Other Banks for Cooperatives | 216 | 0 | 275 | 0 | 0 | 0 |
| Investments in Farm Credit Institutions | 160 | 552 | 2,359 | 784 | 570 | 574 |
| Notes Receivable Farm Credit Banks and Other | 897 | 11,006 | 0 | 0 | 17,773 | 5,957 |
| Accounts Receivable | 1,358 | 417 | 2,653 | 1,289 | 3,850 | 1,028 |
| Accrued Interest Receivable - Other Farm Credit Banks | 5 | 35 | 0 | 1 | 73 | 0 |
| Accrued Interest Receivable - Investments | 98 | 19 | 60 | 576 | 476 | 89 |
| Acquired Property | 135 | 62 | 177 | 265 | 312 | 495 |
| Less: Accumulated Depreciation | 0 | 0 | 0 | 0 | 0 | 0 |
| Less: Allowance for Losses | 0 | 2 | 8 | 8 | 10 | 65 |
| Net Acquired Property | 135 | 60 | 169 | 257 | 302 | 430 |
| Land, Buildings, and Equipment | 4,161 | 0 | 263 | 3,175 | 7,058 | 5,007 |
| Less: Accumulated Depreciation | 334 | 0 | 133 | 850 | 960 | 1,006 |
| Net Land, Buildings, and Equipment | 3,827 | 0 | 130 | 2,325 | 6,098 | 4,001 |
| Customers Liability on Acceptances Outstanding | 0 | 0 | 0 | 0 | 0 | 0 |
| Prepaid Expenses and Other Assets | 56 | 60 | 179 | 581 | (861) | 482 |
| Total Assets | \$185,540 | \$ 88,353 | \$337,323 | \$412,223 | \$472,387 | \$385,887 |
| Liabilities and Net Worth | | | | | | |
| Notes Payable: Other Farm Credit Banks | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 2,000 | \$ 0 |
| Consolidated Systemwide Notes | 56,728 | 22,872 | 98,112 | 20,654 | 73,548 | 43,789 |
| Commercial Banks and Other | 0 | 1,923 | 0 | 11,205 | 10,463 | 9,454 |
| Securities Sold Under Agreement to Repurchase | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Notes Payable | 56,728 | 24,795 | 98,112 | 31,859 | 86,011 | 53,243 |
| Accounts Payable | 4,064 | 2,058 | 6,680 | 7,809 | 9,624 | 6,215 |
| Accrued Interest Payable | 1,349 | 953 | 6,205 | 7,099 | 5,431 | 5,827 |
| Unmatured Consolidated and Systemwide Bonds | 69,000 | 37,690 | 163,550 | 243,856 | 199,870 | 198,670 |
| Less: Unamortized Discounts and Premiums | (691) | (50) | (1,088) | (65) | (92) | (1,047) |
| Less: Consolidated Bonds Owned | 0 | 0 | 10,000 | 0 | 0 | 0 |
| Net Consolidated and Systemwide Bonds Outstanding | 69,691 | 37,740 | 154,638 | 243,921 | 199,962 | 199,717 |
| Unmatured Farm Credit Investment Bonds Outstanding | 0 | 3,344 | 522 | 27,653 | 67,130 | 35,485 |
| Matured Farm Credit Investment Bonds Outstanding | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Stock and Equities Called for Retirement | 8,365 | (91) | 0 | 0 | 0 | 2,465 |
| Bankers Liability on Acceptances Outstanding | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Liabilities | 32 | 158 | 5,014 | 990 | 152 | 63 |
| Total Liabilities | 140,229 | 68,957 | 271,171 | 319,331 | 368,310 | 303,015 |
| Capital Stock: Class B - All | 0 | 0 | 0 | 0 | 0 | 0 |
| Class C - District Banks | 0 | 209 | 95 | 0 | 69 | 519 |
| Class C - Cooperative Associations | 32,952 | 13,340 | 47,700 | 65,906 | 80,643 | 59,033 |
| Class D - All | 0 | 0 | 0 | 0 | 0 | 0 |
| Other - Cooperative Associations | 0 | 0 | 0 | 0 | 0 | 0 |
| Class C - Subscribed - Cooperative Associations | 0 | 0 | 0 | 0 | 0 | 0 |
| Class C - Subscribed - District Banks | 0 | 0 | 0 | 0 | 0 | 0 |
| Participation Certificates | 0 | 545 | 0 | 0 | 1,190 | 0 |
| Total Capital Stock | 32,952 | 14,094 | 47,795 | 65,906 | 81,902 | 59,552 |
| Earned Net Worth: Surplus Reserved | 4,419 | 2,576 | 4,371 | 5,180 | 3,628 | 6,154 |
| Surplus Allocated to Cooperative Associations | 7,803 | 254 | 9,307 | 21,084 | 16,787 | 14,119 |
| Surplus Allocated to District Banks | 0 | 7 | 18 | 11 | 28 | 152 |
| Surplus Unallocated | 137 | 2,467 | 4,658 | 711 | 1,732 | 2,896 |
| Undistributed Earnings | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Earned Net Worth | 12,359 | 5,304 | 18,354 | 26,986 | 22,175 | 23,321 |
| Total Net Worth | 45,311 | 19,398 | 66,149 | 92,892 | 104,077 | 82,873 |
| Total Liabilities and Net Worth | \$185,540 | \$ 88,355 | \$337,320 | \$412,223 | \$472,387 | \$385,888 |

Totals may not add due to rounding.

Table 43 (continued)**Banks for Cooperatives Statement of Condition by District**

(Dollars in Thousands)

| As of December 31, 1986 | St. Paul | Omaha | Wichita | Texas | Sacramento | Spokane | Central Bank |
|---|--------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| Assets | | | | | | | |
| Loans to Cooperatives: Seasonal Loans | \$ 173,728 | \$ 45,050 | \$145,909 | \$ 33,599 | \$568,029 | \$156,521 | \$1,320,800 |
| Term | 1,218,142 | 214,571 | 381,741 | 115,175 | 197,879 | 168,000 | 2,243,209 |
| Commodity | 8,375 | 0 | 47,800 | 18,000 | 13,333 | 0 | 14,181 |
| Acceptances | 0 | 26,500 | 5,125 | 5,000 | 167 | 0 | 116,033 |
| Subtotal | 1,400,245 | 286,121 | 580,575 | 171,774 | 779,408 | 324,521 | 3,694,223 |
| Less: Participations | 601,233 | 31,747 | 217,064 | 36,414 | 293,395 | 103,866 | 103,258 |
| Less: Acceptances Discounted to Other Farm Credit Banks | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Banks | 159 | 230 | 362 | 0 | 157 | 0 | 0 |
| Less: Unearned Income (Acceptances) | 0 | 20 | 59 | 17 | 1 | 0 | 464 |
| Total Loans to Cooperative Associations | 798,853 | 254,124 | 363,090 | 135,343 | 485,855 | 220,655 | 3,590,501 |
| Nonaccrual Loans | 2,515 | 10,339 | 4,648 | 765 | 15,864 | 5,701 | 929 |
| Sales Contracts, Notes, Etc. | 53,281 | 157 | 446 | 275 | 33,958 | 1,276 | 24,862 |
| Accrued Interest Receivable on Loans | 12,822 | 6,739 | 9,739 | 2,698 | 6,304 | 5,341 | 77,337 |
| Gross Loan Items | 867,471 | 271,359 | 377,923 | 139,081 | 541,981 | 232,973 | 3,693,629 |
| Less: Allowance for Losses | 20,367 | 9,333 | 7,372 | 2,486 | 18,763 | 5,307 | 47,349 |
| Net Loan Items | 847,104 | 262,026 | 370,551 | 136,595 | 523,218 | 227,666 | 3,646,280 |
| Cash | 3,387 | 633 | 875 | 1,126 | 1,459 | 531 | 3,322 |
| Investments: U.S. Government Securities (Par) | 0 | 1,000 | 10,000 | 0 | 450 | 13,800 | 40,000 |
| Securities Government Supervised Institutions (Par) | 0 | 0 | 0 | 0 | 0 | 7,000 | 0 |
| Other Securities and Federal Funds | 225,780 | 107,859 | 85,587 | 72,922 | 12,895 | 46,787 | 1,371,750 |
| Investments in DBC Bankers Acceptances (Net) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unamortized Premium or Discount (Net) | (1,298) | (5) | 201 | (55) | 0 | (155) | (3,929) |
| Total Investment in Securities | 224,482 | 108,854 | 95,788 | 72,867 | 13,345 | 67,432 | 1,407,821 |
| Investments in Central Bank for Cooperatives | 70,222 | 6,417 | 18,253 | 4,610 | 31,415 | 11,886 | 0 |
| Investments in Other Banks for Cooperatives | 2,641 | 0 | 7,456 | 219 | 0 | 0 | 0 |
| Investments in Farm Credit Institutions | 4,150 | 842 | 432 | 381 | 178 | 571 | 75 |
| Notes Receivable Farm Credit Banks and Other | 6,590 | 5,000 | 1,984 | 4,689 | 0 | 50 | 45,600 |
| Accounts Receivable | 5,247 | 498 | 3,364 | 570 | 6,596 | 1,811 | 1,207 |
| Accrued Interest Receivable - Other Farm Credit Banks | 38 | 32 | 105 | 51 | 14 | 14 | 99 |
| Accrued Interest Receivable - Investments | 209 | 413 | 440 | 148 | 82 | 345 | 12,933 |
| Acquired Property | 1,889 | 629 | 1,058 | -3,707 | 342 | 880 | 8,407 |
| Less: Accumulated Depreciation | 0 | 0 | 0 | 243 | 0 | 115 | 0 |
| Less: Allowance for Losses | 279 | 244 | 400 | 1,297 | 54 | 127 | 0 |
| Net Acquired Property | 1,610 | 385 | 658 | 2,167 | 288 | 638 | 8,407 |
| Land, Buildings, and Equipment | 7,621 | 1,630 | 0 | 10,226 | 4,771 | 8,466 | 2,618 |
| Less: Accumulated Depreciation | 2,465 | 1,164 | 0 | 586 | 1,218 | 1,234 | 1,514 |
| Net Land, Buildings, and Equipment | 5,156 | 466 | 0 | 9,640 | 3,553 | 7,232 | 1,104 |
| Customers Liability on Acceptances Outstanding | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Prepaid Expenses and Other Assets | 1,087 | 1,873 | 610 | 1,026 | 449 | 775 | 6,157 |
| Total Assets | \$1,171,923 | \$387,439 | \$500,516 | \$234,089 | \$580,597 | \$318,951 | \$5,133,005 |
| Liabilities and Net Worth | | | | | | | |
| Notes Payable: Other Farm Credit Banks | \$ 174 | \$ 0 | \$ 0 | \$ 0 | \$ 45,556 | \$ 0 | \$ 77,232 |
| Consolidated Systemwide Notes | 366,408 | 2,789 | 119,184 | 59,670 | 252,152 | 62,645 | 3,098,731 |
| Commercial Banks and Other | 29,020 | 11,363 | 8,929 | 4,552 | 12,956 | 8,959 | 8,948 |
| Securities Sold Under Agreement to Repurchase | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Notes Payable | 395,602 | 14,152 | 128,113 | 64,222 | 310,664 | 71,604 | 3,184,911 |
| Accounts Payable | 18,456 | 5,755 | 7,867 | 2,572 | 8,697 | 4,323 | 11,016 |
| Accrued Interest Payable | 14,086 | 7,974 | 5,561 | 1,084 | 4,833 | 4,747 | 40,537 |
| Unmatured Consolidated and Systemwide Bonds | 487,958 | 269,500 | 167,218 | 100,285 | 150,000 | 174,000 | 1,544,525 |
| Less: Unamortized Discounts and Premiums | 335 | (171) | 38 | 187 | (9) | (353) | (11,361) |
| Less: Consolidated Bonds Owned | 0 | 25,000 | 0 | 0 | 0 | 0 | 0 |
| Net Consolidated and Systemwide Bonds Outstanding | 487,623 | 244,671 | 166,882 | 100,098 | 150,009 | 174,353 | 1,555,886 |
| Unmatured Farm Credit Investment Bonds Outstanding | 20,119 | 29,700 | 52,623 | 24,564 | 0 | 9,350 | 0 |
| Matured Farm Credit Investment Bonds Outstanding | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Stock and Equities Called for Retirement | 0 | 0 | 0 | 5 | 20,394 | 1,479 | 0 |
| Bankers Liability on Acceptances Outstanding | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Liabilities | 4,239 | 273 | 380 | 164 | 411 | 937 | 1,156 |
| Total Liabilities | 940,125 | 302,525 | 361,426 | 192,709 | 495,008 | 266,793 | 4,793,506 |
| Capital Stock: Class B - All | 0 | 0 | 0 | 0 | 687 | 0 | 0 |
| Class C - District Banks | 662 | 6,516 | 138 | 342 | 0 | 475 | 258,756 |
| Class C - Cooperative Associations | 169,686 | 63,212 | 103,832 | 24,225 | 66,075 | 40,185 | 0 |
| Class D - All | 613 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other - Cooperative Associations | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Class C - Subscribed - Cooperative Associations | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Class C - Subscribed - District Banks | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Participation Certificates | 0 | 0 | 1,426 | 0 | 0 | 46 | 0 |
| Total Capital Stock | 170,961 | 69,728 | 105,396 | 24,567 | 66,762 | 40,706 | 258,756 |
| Earned Net Worth: Surplus Reserved | 6,638 | 2,423 | 6,336 | 5,038 | 3,568 | 4,262 | 29,676 |
| Surplus Allocated to Cooperative Associations | 46,736 | 10,991 | 23,153 | 3,715 | 13,901 | 7,092 | 0 |
| Surplus Allocated to District Banks | 231 | 586 | 30 | 58 | 0 | 102 | 41,149 |
| Surplus Unallocated | 7,231 | 1,184 | 4,176 | 8,002 | 1,359 | 0 | 9,917 |
| Undistributed Earnings | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Earned Net Worth | 60,836 | 15,184 | 33,695 | 16,813 | 18,828 | 11,456 | 80,742 |
| Total Net Worth | 231,797 | 84,912 | 139,091 | 41,380 | 85,590 | 52,162 | 339,498 |
| Total Liabilities and Net Worth | \$1,171,922 | \$387,437 | \$500,517 | \$234,089 | \$580,598 | \$318,955 | \$5,133,004 |

Totals may not add due to rounding.

Table 44

Banks for Cooperatives Combined Statement of Income

(Dollars in Thousands)

| For the Year Ended December 31 | 1986 | 1985 | Percent Change |
|--|----------------|------------------|----------------|
| Income | | | |
| Loan Interest Income: Cooperative Associations | \$719,684 | \$871,532 | (17.42) |
| Sales Contracts | 7,038 | 9,022 | (21.99) |
| Notes Receivable Other Farm Credit Banks | 976 | 1,071 | (8.87) |
| Other Interest Income | 4,015 | 3,771 | (6.47) |
| Total Interest Income from Loans | 731,713 | 885,396 | (17.35) |
| Income from Investments (Net) | 133,140 | 107,572 | 23.76 |
| Compensation Income - Participations Sold | 0 | 0 | 0.00 |
| Appraisal and Loan Service Fees | 4,436 | 43 | *** ** |
| Financially Related Services | 56 | 77 | (27.27) |
| Customers Draft Accepted Fees | 4 | 0 | 0.00 |
| Letters of Credit Issued Fees | 2,565 | 3,758 | (31.74) |
| Income from Distribution of Earnings of CBC | 0 | 0 | 0.00 |
| Income from Distribution of Earnings of Other District Banks | 0 | 0 | 0.00 |
| Gross Income | 871,914 | 996,846 | (12.53) |
| Expenses | | | |
| Notes and Bonds Expense: Cost of Bonds | 410,483 | 521,576 | (21.29) |
| Interest on Notes Payable | 314,602 | 303,899 | 3.52 |
| Total Cost of Borrowed Funds | 725,085 | 825,475 | (12.16) |
| Compensation Expense - Participations Purchased | 0 | 0 | 0.00 |
| Operating Expenses | 58,858 | 64,544 | (8.80) |
| Total Expenses | 783,943 | 890,019 | (11.91) |
| Net Gain (Loss) from Operations | 87,971 | 106,827 | (17.65) |
| Other Additions/Deductions: | | | |
| Profit (Loss) - Sale of Investment | 723 | (243) | (397.53) |
| Net Profit (Loss) - Acquired Property | 537 | (18) | (3083.33) |
| Provision for Losses - Acquired Property | (1,959) | (321) | 510.28 |
| Income (Expense) - Other | 220 | (111) | (298.19) |
| Income (Expense) - Loss Sharing | 171 | 0 | 0.00 |
| Income (Expense) - Capital Corp. Assessment | 87 | 0 | 0.00 |
| Other Gains (Losses) | (77,415) | (15,812) | 389.59 |
| Other Income (Expense) | 4,515 | 2,797 | 61.42 |
| Total Other Additions and Deductions | (73,121) | 13,708 | 433.41 |
| Net Gain (Loss) before Provision for Losses | 14,850 | 93,119 | (84.05) |
| Provision for Losses | (13,546) | (24,539) | (44.79) |
| Net Income before Income Taxes | 1,304 | 68,580 | (98.09) |
| Less: Federal and Other Income Taxes | 715 | 2,251 | (68.23) |
| Net Income (Loss) | \$ 589 | \$ 66,329 | (99.11) |

(1) Percent Change exceeds 9999.99 or (999.99).
Totals may not add due to rounding.

Table 45**Banks for Cooperatives Statement of Income by District**

(Dollars in Thousands)

| For the Year Ended December 31, 1986 | Springfield | Baltimore | Columbia | Louisville | Jackson | St. Louis |
|--|-----------------|-----------------|-----------------|---------------|-----------------|---------------|
| Income | | | | | | |
| Loan Interest Income: Cooperative Associations | \$12,113 | \$4,973 | \$24,462 | \$41,312 | \$26,427 | \$31,276 |
| Sales Contracts | 4 | 220 | 1,455 | 0 | 0 | 0 |
| Notes Receivable Other Farm Credit Banks | 170 | 350 | 8 | 118 | 901 | 1 |
| Other Interest Income | 1 | 4 | 0 | 0 | 310 | 0 |
| Total Interest Income from Loans | 12,288 | 5,547 | 25,925 | 41,430 | 27,638 | 31,277 |
| Income from Investments (Net) | 1,336 | 745 | 2,891 | 4,452 | 3,401 | 5,009 |
| Compensation Income - Participations Sold | 0 | 0 | 1,330 | 0 | 43 | 0 |
| Appraisal and Loan Service Fees | 921 | 0 | 0 | 2,404 | 0 | 34 |
| Financially Related Services | 0 | 4 | 0 | 0 | 0 | 34 |
| Customers Draft Accepted Fees | 0 | 0 | 0 | 0 | 0 | 0 |
| Letters of Credit Issued Fees | 27 | 0 | 130 | 53 | 37 | 0 |
| Income from Distribution of Earnings of CBC | 2,074 | 1,283 | 5,197 | 3,650 | 6,742 | 1,074 |
| Income from Distribution of Earnings of Other District Banks | 22 | 0 | 0 | 0 | 0 | 0 |
| Gross Income | 16,668 | 7,579 | 35,473 | 51,989 | 37,861 | 37,428 |
| Expenses | | | | | | |
| Notes and Bonds Expense: Cost of Bonds | 8,521 | 4,270 | 17,320 | 33,596 | 21,259 | 23,149 |
| Interest on Notes Payable | 2,772 | 856 | 6,949 | 5,559 | 3,882 | 5,176 |
| Total Cost of Borrowed Funds | 11,293 | 5,126 | 24,269 | 39,155 | 25,141 | 28,325 |
| Compensation Expense - Participations Purchased | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Expenses | 2,184 | 1,241 | 2,844 | 4,463 | 4,371 | 3,411 |
| Total Expenses | 13,477 | 6,367 | 27,113 | 43,618 | 29,512 | 31,736 |
| Net Gain (Loss) from Operations | 3,191 | 1,212 | 8,360 | 8,371 | 8,349 | 5,692 |
| Other Additions/Deductions: | | | | | | |
| Profit (Loss) - Sale of Investment | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Profit (Loss) - Acquired Property | (3) | (1) | (4) | (4) | 1 | (4) |
| Provision for Losses - Acquired Property | 0 | (1) | 0 | 0 | 5 | (35) |
| Income (Expense) - Other | 0 | 0 | 0 | 0 | (46) | 1 |
| Income (Expense) - Loss Sharing | 0 | 0 | 0 | (57) | 0 | 0 |
| Income (Expense) - Capital Corp. Assessment | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Gains (Losses) | (3,856) | (1,872) | (5,819) | (7,443) | (8,818) | (5,530) |
| Other Income (Expense) | 163 | 28 | 451 | 277 | 158 | 181 |
| Total Other Additions and Deductions | (3,696) | (1,846) | (5,372) | (7,227) | (8,700) | (5,387) |
| Net Gain (Loss) before Provision for Losses | (505) | (634) | 2,988 | 1,144 | (351) | 305 |
| Provision for Losses | 0 | 190 | 509 | (600) | (454) | 0 |
| Net Income before Income Taxes | (505) | (444) | 3,497 | 544 | (805) | 305 |
| Less: Federal and Other Income Taxes | 0 | (124) | 706 | 2 | (347) | 52 |
| Net Income (Loss) | \$ (505) | \$ (320) | \$ 2,791 | \$ 542 | \$ (458) | \$ 253 |

Totals may not add due to rounding.

Table 45 (continued)
Banks for Cooperatives Statement of Income by District

(Dollars in Thousands)

| For the Year Ended December 31, 1986 | St. Paul | Omaha | Wichita | Texas | Sacramento | Spokane | Central Bank |
|--|-----------------|-------------------|---------------|-----------------|-------------------|-------------------|------------------|
| Income | | | | | | | |
| Loan Interest Income: Cooperative Associations | \$ 94,923 | \$38,473 | \$36,730 | \$12,951 | \$39,569 | \$26,324 | \$330,153 |
| Sales Contracts | 84 | 20 | 0 | 37 | 2,766 | 116 | 2,337 |
| Notes Receivable Other Farm Credit Banks | 1,752 | 558 | 891 | 165 | 225 | 249 | 1,213 |
| Other Interest Income | 3,689 | 0 | 220 | 62 | 3 | 0 | 101 |
| Total Interest Income from Loans | 100,448 | 39,051 | 37,841 | 13,215 | 42,563 | 26,689 | 333,804 |
| Income from Investments (Net) | 8,324 | 5,011 | 4,185 | 4,459 | 769 | 3,877 | 88,680 |
| Compensation Income - Participations Sold | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Appraisal and Loan Service Fees | 0 | 0 | 0 | 0 | 8 | 68 | 1,002 |
| Financially Related Services | 0 | 0 | 10 | 0 | 0 | 0 | 0 |
| Customers Draft Accepted Fees | 0 | 0 | 0 | 0 | 0 | 0 | 4 |
| Letters of Credit Issued Fees | 154 | 41 | 179 | 130 | 2 | 5 | 1,807 |
| Income from Distribution of Earnings of CBC | 7,623 | 585 | 2,407 | 648 | 3,713 | 1,178 | 0 |
| Income from Distribution of Earnings of Other District Banks | 0 | 0 | 127 | 5 | 0 | 0 | 0 |
| Gross Income | 116,549 | 44,688 | 44,749 | 18,457 | 47,055 | 31,823 | 425,600 |
| Expenses | | | | | | | |
| Notes and Bonds Expense: Cost of Bonds | 62,795 | 32,184 | 19,465 | 9,417 | 15,873 | 19,035 | 143,297 |
| Interest on Notes Payable | 23,403 | 3,848 | 9,354 | 3,890 | 19,098 | 7,300 | 228,510 |
| Total Cost of Borrowed Funds | 86,198 | 36,032 | 28,819 | 13,307 | 34,971 | 26,335 | 372,110 |
| Compensation Expense -Participations Purchased | 10 | 0 | 0 | 0 | 0 | 0 | 85 |
| Operating Expenses | 7,157 | 4,731 | 5,202 | 2,745 | 3,767 | 3,745 | 12,996 |
| Total Expenses | 93,365 | 40,763 | 34,021 | 16,052 | 38,738 | 30,080 | 385,191 |
| Net Gain (Loss) from Operations | 23,184 | 3,925 | 10,728 | 2,405 | 8,317 | 1,743 | 40,106 |
| Other Additions/Deductions: | | | | | | | |
| Profit (Loss) - Sale of Investment | 0 | 588 | 0 | 0 | 0 | 0 | 135 |
| Net Profit (Loss) - Acquired Property | 49 | 158 | 10 | 305 | (6) | 40 | (5) |
| Provision For Losses - Acquired Property | (267) | (450) | (396) | (751) | (38) | (27) | 0 |
| Income (Expense) - Other | 0 | 13 | 0 | 70 | 0 | (114) | 296 |
| Income (Expense) - Loss Sharing | 228 | 0 | 0 | 0 | 0 | 0 | 0 |
| Income (Expense) -Capital Corp. Assessment | 2 | 0 | 0 | 0 | 4 | 0 | 81 |
| Other Gains (Losses) | (17,119) | (5,494) | (5,976) | (2,552) | (8,968) | (4,173) | 203 |
| Other Income (Expense) | 368 | 625 | 322 | 121 | 216 | 63 | 395 |
| Total Other Additions and Deductions | (16,739) | (4,560) | (6,040) | (2,807) | (8,792) | (4,211) | 1,105 |
| Net Gain (Loss) before Provision for Losses | 6,445 | (635) | 4,688 | (402) | (475) | (2,468) | 41,211 |
| Provision for Losses | (929) | (2,847) | (3,745) | (202) | (2,615) | (237) | (2,613) |
| Net Income before Income Taxes | 5,516 | (3,482) | 943 | (604) | (3,090) | (2,705) | 38,598 |
| Less: Federal and Other Income Taxes | 161 | (874) | 130 | 2 | 1 | 545 | 460 |
| Net Income (Loss) | \$ 5,355 | \$ (2,608) | \$ 813 | \$ (606) | \$ (3,091) | \$ (3,250) | \$ 38,138 |

Totals may not add due to rounding.

Table 46**District Banks for Cooperatives Nonperforming Loans, Chargeoffs and Financial Ratios**

(Dollars in Millions)

| For the Year Ended December 31, 1986 | Springfield | Baltimore | Columbia | Louisville | Jackson | St. Louis |
|--------------------------------------|-------------|-----------|----------|------------|---------|-----------|
| Nonperforming Loans | \$ 0.6 | \$ 7.8 | \$40.7 | \$ 5.5 | \$ 3.7 | \$27.5 |
| Formally Restructured | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other Restructured and Reduced Rate | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 12.4 |
| Other High Risk | 0.0 | 6.5 | 39.1 | 4.4 | 1.9 | 14.2 |
| Nonaccrual | \$ 0.6 | \$ 1.2 | 1.6 | 1.1 | 1.8 | \$ 0.9 |
| Net Loan Chargeoffs | * | * | \$ (1.4) | \$ 0.1 | \$ 0.1 | * |
| Selected Ratios | | | | | | |
| Return on Assets | (0.28%) | (0.37%) | 0.81% | 0.11% | (0.11%) | 0.06% |
| Return on Equity | (1.00%) | (1.61%) | 4.29% | 0.56% | (0.43%) | 0.29% |
| Net Interest Margin | 1.50% | 1.49% | 1.45% | 1.43% | 1.62% | 2.01% |
| As of December 31, 1986 | | | | | | |
| Capital as a % of Assets | 24.42% | 21.95% | 19.61% | 22.53% | 21.48% | 21.48% |
| Debt-to-Capital (:1) | 3.09 | 3.55 | 4.10 | 3.44 | 3.54 | 3.66 |

Components may not add to totals due to rounding.

* Less than \$50,000 net chargeoff.

Table 46 (continued)**District Banks for Cooperatives Nonperforming Loans, Chargeoffs and Financial Ratios**

(Dollars in Millions)

| For the Year Ended December 31, 1986 | St. Paul | Omaha | Wichita | Texas | Sacramento | Spokane | Central Bank |
|--------------------------------------|----------|---------|----------|---------|------------|---------|--------------|
| Nonperforming Loans | \$28.9 | \$24.1 | \$15.1 | \$ 7.5 | \$68.9 | \$30.2 | \$45.6 |
| Formally Restructured | 2.7 | 5.1 | 0.0 | 4.3 | 53.0 | 0.0 | 5.8 |
| Other Restructured and Reduced Rate | 3.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other High Risk | 20.3 | 8.7 | 10.5 | 2.4 | 0.0 | 24.5 | 38.9 |
| Nonaccrual | \$ 2.5 | 10.3 | 4.6 | \$ 0.8 | 1.59 | 5.7 | 0.9 |
| Net Loan Chargeoffs | * | \$ 1.8 | \$ (0.7) | * | \$ (0.1) | \$ 0.1 | \$ (3.8) |
| Selected Ratios | | | | | | | |
| Return on Assets | 0.42% | (0.57%) | 0.16% | (0.26%) | (0.56%) | (0.92%) | 0.72 |
| Return on Equity | 2.34% | (3.50%) | 0.55% | (1.42%) | (3.11%) | (6.08%) | 11.62% |
| Net Interest Margin | 1.92% | 1.86% | 2.86% | 2.05% | 1.67% | 1.33% | 0.96% |
| As of December 31, 1986 | | | | | | | |
| Capital as a % of Assets | 19.78% | 21.92% | 27.79% | 17.68% | 14.74% | 16.35% | 6.61% |
| Debt-to-Capital (:1) | 4.06 | 3.56 | 2.60 | 4.66 | 5.78 | 5.11 | 14.12 |

Components may not add to totals due to rounding.

* Less than \$50,000 net chargeoff.

Table 47
Selected Borrower Characteristics
Federal Land Banks Loans Booked During 1986 ⁽¹⁾

| Borrower Net Worth | Number of Loans | *Average Loan Amount | Average Age | Percent Under 35 | Average Debt-to-Asset Ratio | *Average Gross Ag Income | % Under \$40,000 Ag Income | *Average Income Remainder (2) | Percent by Type of Organization | | | |
|----------------------|-----------------|----------------------|-------------|------------------|-----------------------------|--------------------------|----------------------------|-------------------------------|---------------------------------|---------------|---------------|-------|
| | | | | | | | | | Proprietor-ships | Partner-ships | Corpora-tions | Other |
| Negative | 9 | \$138.1 | 42 | 33.3% | 1.078 | \$124.2 | 44.4% | \$ (1.8) | 100.0% | 0.0% | 0.0% | 0.0% |
| \$0-\$24,999 | 140 | 43.3 | 34 | 57.9% | 0.668 | 12.1 | 65.7% | 8.5 | 97.1% | 0.7% | 1.4% | 0.7% |
| \$25,000-\$74,999 | 1,282 | 41.0 | 39 | 37.2% | 0.504 | 14.3 | 68.7% | 10.9 | 99.1% | 0.2% | 0.0% | 0.7% |
| \$75,000-\$99,999 | 657 | 49.6 | 42 | 22.2% | 0.441 | 332.3 | 69.7% | 12.3 | 98.5% | 0.3% | 0.6% | 0.6% |
| \$100,000-\$149,999 | 1,106 | 57.8 | 45 | 18.2% | 0.399 | 215.9 | 70.3% | 13.5 | 97.2% | 0.5% | 0.7% | 1.5% |
| \$150,000-\$249,999 | 1,522 | 67.4 | 47 | 14.9% | 0.344 | 186.4 | 58.3% | 14.8 | 97.0% | 1.1% | 0.7% | 1.2% |
| \$250,000-\$374,999 | 1,147 | 83.0 | 49 | 9.2% | 0.312 | 262.8 | 44.5% | 17.8 | 94.8% | 1.5% | 1.0% | 2.7% |
| \$375,000-\$499,999 | 697 | 102.0 | 50 | 7.7% | 0.301 | 404.4 | 42.2% | 23.2 | 93.0% | 2.3% | 2.3% | 2.4% |
| \$500,000-\$999,999 | 1,311 | 131.7 | 52 | 8.5% | 0.271 | 480.0 | 30.3% | 28.2 | 89.2% | 3.2% | 4.8% | 2.8% |
| \$1,000,000 and over | 1,237 | \$448.6 | 53 | 5.7% | 0.271 | \$882.4 | 22.1% | \$125.2 | 73.1% | 7.5% | 12.5% | 6.9% |

(1) Figures do not include the Wichita FLB which did not report.
(2) Income remainder is projected annual net income from all sources less outlays for debt service, taxes and living expenses.
*Amounts in thousands of dollars.
Totals may not add due to rounding.

Table 48
Selected Borrower Characteristics — Part 1
Production Credit Associations Loans Outstanding at Yearend 1986

| Borrower Net Worth | Number of Loans | Loan Balance | Average Age | Percent Under 35 | Years Farming Experience | | *Average Value Ag Assets | *Average Value Real Estate | Average Debt-to-Asset Ratio |
|----------------------|-----------------|--------------|-------------|------------------|--------------------------|------------------|--------------------------|----------------------------|-----------------------------|
| | | | | | % Under 5 Years | % Under 10 Years | | | |
| Negative | 2,513 | \$150.4 | 44 | 26.8% | 9.4% | 27.4% | \$ 450.7 | \$ 347.1 | 8.147 |
| \$0-\$24,999 | 19,560 | 49.8 | 41 | 38.6% | 22.3% | 42.9% | 295.9 | 158.7 | 0.671 |
| \$25,000-\$74,999 | 17,285 | 24.8 | 40 | 39.4% | 15.7% | 38.2% | 88.5 | 62.6 | 0.532 |
| \$75,000-\$99,999 | 8,521 | 26.9 | 44 | 27.1% | 11.8% | 31.4% | 130.5 | 92.0 | 0.453 |
| \$100,000-\$149,999 | 15,305 | 34.6 | 46 | 20.5% | 9.3% | 24.0% | 243.9 | 197.0 | 0.414 |
| \$150,000-\$249,999 | 23,426 | 45.6 | 50 | 12.3% | 6.2% | 17.2% | 281.3 | 172.5 | 0.369 |
| \$250,000-\$374,999 | 17,840 | 56.3 | 51 | 8.4% | 4.4% | 13.2% | 390.5 | 240.7 | 0.332 |
| \$375,000-\$499,999 | 10,569 | 69.5 | 51 | 7.3% | 3.7% | 11.7% | 557.0 | 362.0 | 0.318 |
| \$500,000-\$999,999 | 15,470 | 97.7 | 53 | 6.0% | 3.3% | 10.8% | 936.8 | 654.0 | 0.297 |
| \$1,000,000 and over | 9,201 | \$236.3 | 54 | 5.0% | 4.9% | 14.0% | \$2,773.8 | \$1,972.5 | 0.218 |

*Amounts in thousands of dollars.

Table 49
Selected Borrower Characteristics — Part 2
Production Credit Associations Loans Outstanding at Yearend 1986

| Borrower Net Worth | % Under \$40,000 Ag Sales | Percent by Type of Organization | | | | | |
|----------------------|---------------------------|---------------------------------|--------------|---------------------|------------------------------|---------------------|-------|
| | | Proprietorships | Partnerships | Family Corporations | Close Nonfamily Corporations | Public Corporations | Other |
| Negative | 30.7% | 62.0% | 19.7% | 11.2% | 3.4% | 0.1% | 3.5% |
| \$0-\$24,999 | 61.4% | 71.3% | 7.9% | 3.3% | 0.9% | 0.2% | 16.2% |
| \$25,000-\$74,999 | 52.6% | 88.4% | 7.8% | 1.6% | 0.2% | 0.1% | 2.0% |
| \$75,000-\$99,999 | 50.9% | 89.1% | 7.4% | 1.7% | 0.1% | 0.1% | 1.7% |
| \$100,000-\$149,999 | 45.9% | 87.9% | 7.9% | 1.6% | 0.2% | 0.1% | 2.1% |
| \$150,000-\$249,999 | 35.2% | 86.4% | 9.6% | 2.2% | 0.2% | 0.1% | 1.5% |
| \$250,000-\$374,999 | 24.4% | 83.5% | 10.6% | 4.1% | 0.3% | 0.1% | 1.4% |
| \$375,000-\$499,999 | 17.0% | 81.8% | 11.4% | 4.9% | 0.3% | 0.1% | 1.6% |
| \$500,000-\$999,999 | 12.4% | 76.3% | 13.1% | 8.5% | 0.5% | 0.1% | 1.6% |
| \$1,000,000 and over | 10.4% | 64.7% | 16.5% | 15.4% | 1.3% | 0.5% | 1.6% |

Totals may not add due to rounding.

